

EUROPEAN NEWS

Success in view at Stockholm security meeting

By Sara Webb in Stockholm
WHEN the Stockholm security conference draws to a close...

The conference on Confidence and Security Building Measures and Disarmament in Europe...

Calendar
In the later stages of its two-and-a-half-year run...

Inspections
Two issues which stem from notification are inspections, observations and verifications...

Vienna coalition ends as junior partner's leader is ousted

BY PATRICK BLUM IN VIENNA

AUSTRIA'S Socialist-led coalition government has broken up following the election on Saturday...

Disputes within the Freedom Party between its liberal wing led by Dr Norbert Steger...

Dr Alois Mock, leader of the conservative opposition's People's Party...

FREEDOM PARTY'S JOERG HAIDER
Austrian party leader who enjoys the role of rebel

MR JOERG HAIDER, the Austrian Freedom Party's youthful new leader...

His best role is that of a rebel. He likes to be in opposition, an ally colleague says...



Dr Vranitzky, hopes to lead the next government

that if no party won an absolute majority such an outcome was very likely...

Dr Vranitzky and the Socialist party were hoping to delay elections as long as possible...

John Wyles on how the Socialists' policy change may cause the coalition to fall Nuclear furore fuels Italian political crisis

BY JOHN WYLES

THE POLITICAL fallout from the Chernobyl disaster, having just passed over West Germany...

The need to take a decision over the future of the country's relatively unambitious nuclear programme...

Nevertheless, none of the governing parties felt public concern after Chernobyl could be ignored...

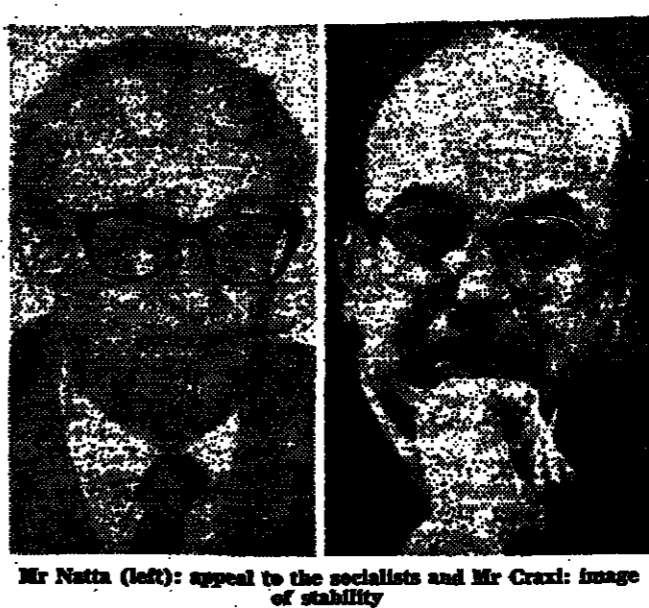
Clearly, party leaders will be present and it is assumed that their pro-nuclear positions would be unchanged...

Confronted with Italy's need to import around 82 per cent of its energy requirements...

The communists showed the first signs of doubt about the programme even before the Chernobyl accident...

It is not yet clear who will attend the conference, how its final judgment will be made...

Clearly, party leaders will be present and it is assumed that their pro-nuclear positions would be unchanged...



Mr Natta (left): appeal to the socialists and Mr Craxi: image of stability

Mr Natta's appeal to the socialists and Mr Craxi's image of stability would be unchanged...

Two or three percentage point increase in the Socialists' share of the popular vote...

Norway in snub to US on bombers

By Fay Gjesten in Oslo and David Becker in London

NORWAY has refused permission for US F-111 fighter-bombers to land in the country during the current Nato exercise...

Plans for the exercise, including F-111s playing an enemy role attacking Nato naval reinforcements...

W German skill shortage rises

BY ANDREW FISHER

WEST GERMAN companies cannot find enough skilled workers in spite of unemployment levels running at about 2m...

Already, 6,000 companies have reported production problems at the middle of this year...

Ex-MEP acquitted of mafia ties

By Alan Friedman in Milan

MR ENZO TORTORA, the controversial former Italian television star-turned Euro-MEP...

In June 1984 Mr Tortora was elected to the European Parliament in Strasbourg...

US and Norway in energy talks

BY FAY GJESTEN IN OSLO

NORWEGIAN oil policy and international cooperation in monitoring pollution from nuclear accidents...

The talks about nuclear energy centred on co-operation to set up an international system to provide advance warning of airborne fallout...

Soviet general visits Turkey

By David Barclay in Ankara

MARSHAL SERGEI AKHROBYEV, the head of the Soviet Armed Forces, Chief of General Staff, arrived here yesterday...

Hungary introduces benefit payments for unemployed

BY LESLIE COLLIT IN BUDAPEST

HUNGARY HAS introduced financial benefits for workers who lose their jobs and are temporarily unemployed...

Thatcher starts talks with Kohl

By Robert Maestri, Diplomatic Correspondent

MRS MARGARET THATCHER, the British Prime Minister, who is paying a two-day official visit to West Germany...

UN chief tries to breathe life into his Cyprus peace initiative

BY ANDRIANA HERODIACONOU IN ATHENS

THE ROUND of separate talks scheduled to take place in New York later this month...

FRENCH BUDGET DETAILS

Table with columns for Main Economic Assumptions, Spending and Receipts in 1986 and 1987 Budgets, and % as % of GDP.

FINANCIAL TIMES
Published by The Financial Times (Group) Ltd.
Responsible editor: G.P.R. Dunn, M.C. Gorman, D.E.P. Palmer, London.

OVERSEAS NEWS

As Mrs Aquino visits Washington, Steven Butler reports on a major bilateral issue

Philippines debates future of US bases



Manila forces on alert

THE Philippine armed forces were put on full alert yesterday to prevent any coup attempt in the absence of President Corason Aquino who left for an eight-day visit to the US, Reuter reports from Manila.

During her visit to the US, Mrs Aquino will meet President Reagan and address the US Congress. She is also expected to ask bankers and other creditors to ease repayment terms on the Philippines' \$38bn (£17.5bn) foreign debt, and will meet international business and financial leaders to bring before them the problems of our country.

port propped up the Marcos Government. For his part, Mr Marcos used the bases to bargain for increased foreign aid. The current agreement, renegotiated in 1985, provides for \$90m of assistance over five years.

Philippines. Ninety per cent of Japan's oil supplies pass through the South China Sea. The political implications of losing the bases would be nearly as important as the military implications. The loss would signal a major diplomatic defeat for the US and would raise fresh questions about its ability to project power and influence overseas.

Soviets might be willing to abandon Cam Ranh Bay. "In general," he said, "if the US Government prevented the US from spying bombing missions from the bases, we wouldn't leave that step unanswered."

China and Pakistan sign nuclear agreement
By John Elliott in New Delhi

CHINA and Pakistan have signed an agreement for co-operation in the peaceful use of nuclear energy which includes safeguard inspections of some of Pakistan's nuclear projects under the International Atomic Energy Agency (IAEA).

China has supplied defence equipment and engineering and other facilities, and in the 1970s built the 470-mile Karakoram Highway through Northern Pakistan to the Chinese border.

This border crossing was opened to foreign tourists four months ago and is leading to an increase of trade and other contacts between the two countries.

China has always insisted that it has not helped Pakistan develop a nuclear weapon. It will now be able to support this claim by pointing to the new agreement which specifically says that the projects carried out by the two countries will be open to IAEA inspection.

The political freedom that came after former president Ferdinand Marcos fled the country in February has given the anti-bases movement a new lease of life. Expelling US troops is the central plank of the still-banned National Democratic Front, which supports the Communists, and some of Mrs Aquino's own Cabinet ministers have called for the removal of the bases when the current agreement with the US expires in 1991.

Mrs Aquino herself once signed a statement calling for the bases to be dismantled, although she now says she will abide by the agreement and wants to keep her options open at least till 1988, when it comes up for review.

Loss of the bases would be a major strategic blow to the US in the Western Pacific, where they form a key link in a chain of facilities that stretch east to Guam and Hawaii, and north to Okinawa, South Korea and the main Japanese islands.

The Philippines bases provided a key staging area for the US during the Vietnam war, although the Philippine Government prevented the US from spying bombing missions from the bases.



Mr Ranchoo, in his book-lined study at the University of Durban, told Reuter yesterday that his new appointment was "a major challenge at this time when South Africa is under international pressure. I see it as a great duty and the toughest task I have ever taken on. Now I have to face the peace-bowlers, but I feel fortified by my knowledge of Europe and of what I believe can be promoted through this venture."

Pretoria names first non-white ambassador

By Anthony Robinson in Johannesburg

THE SOUTH African Government, bracing itself for the outcome of the European Community Foreign Ministers' meeting on sanctions, yesterday announced that a 42-year-old Indian lawyer from Durban is to be appointed as Ambassador to the EC in Brussels.

Dr Bhadra Gulu Ranchoo, 42, is a prominent member of a community which has steadily increased in wealth and influence since the first Indians came to South Africa towards the end of the last century as indentured workers in the sugar fields or as traders.

Dr Ranchoo was born in the Eastern Cape city of Port Elizabeth but like the bulk of South Africa's 900,000-strong Indian community, now lives near Durban where he has held the Chair of Private Law in the Durban Westville Indian University since 1974.

Indian exports rise 24.6%

INDIA'S EXPORTS rose 24.6 per cent to Rs 27,914 (£1.7bn) in April-June from Rs 22,380 in the same period of last year, while imports rose 1.5 per cent to Rs 44,149 from Rs 43,499, a Commerce Ministry statement said.

The significant increase in exports in the first quarter of the fiscal year will make it possible for India to achieve the year's export target of Rs 122,020, it said.

Seoul pledges safety of Games athletes

SOUTH KOREA yesterday sought to reassure the 28 nations participating in the Asian Games which open in Seoul on Saturday, following a bomb blast which killed five and injured more than 30 at Seoul airport at the weekend.

Games organisers contacted all governments concerned, to pledge that their athletes would be safe during the 15-day sporting festival.

Zimbabwe slowdown forecast

A SLOWDOWN for the Zimbabwe economy in 1986-87, after real growth of 6.5 per cent last year is forecast by Standard Chartered Bank in its latest economic bulletin.

The bank says much will depend on the amount and pattern of rainfall over the next six months with above-average rains needed merely to maintain maize deliveries at the 1.75m tonnes forecast for this year.

American tipped for ADB post

By Peter Blackburn in Abidjan

AN AMERICAN is expected to be appointed later this month as the first non-African Vice-President of the African Development Bank (ADB) and given responsibility for finance, according to senior officials.

The London-based banker is described as having a long and close relationship with ADB and being well-known in international capital markets.

NZ economic outlook seen improving

By Tony Hawkins in Harare

NEW ZEALAND'S economic prospects are improving despite increased domestic unemployment, says a report from the independent New Zealand Institute of Economic Research.

The ADB board has also approved the creation of a fifth vice-presidential post, to maintain the African regional balance. An East or Southern African is expected to be nominated.

Jakarta debt pledge

By Tony Hawkins in Harare

Indonesia will honour all its foreign debt obligations, although last week's devaluation meant a rise in the rupiah value of service payments, Mr Johannes Sumartono, National Development Planning Minister, told Reuter in Jakarta yesterday.

The Government had taken into consideration the increase in its debt obligations when it decided to devalue, he added.

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AMERICAN AND WORLD TRADE NEWS

Financing war raises dinosaur spectre in US car industry

Anatole Kaletsky reports on the fears unleashed by General Motors' cut price move

"IF THE GORILLA tells you to dance, baby, you dance." This was how Mr Joseph Capry, president of American Motors, explained his company's thrust into the cut-price finance war which broke out in the US motor industry last month.

of cut-throat hectoring as car makers outdid each other to advertise their bargains. The results have been spectacular. The US car market simply exploded in the words of one GM sales executive.

the sell-out performance now expected in the incentive period, and the US industry is now expected to assemble 4 per cent more cars in the last three months of 1986 than it did a year earlier.

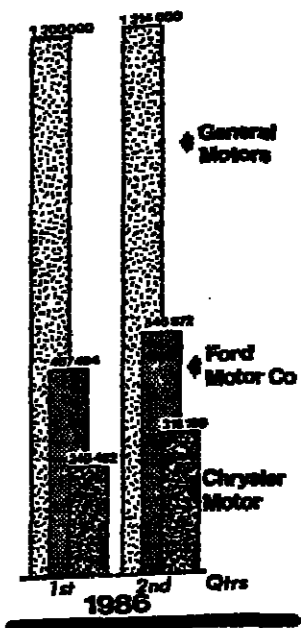
Chrysler and Ford, on the other hand, had both been selling cars as fast as they produced them. Their stocks were up by 60 days.

Ironically, GM's financing subsidiary, General Motors Acceptance Corporation (GMAC), is likely to contribute a tidy sum because the cost of subsidising car loans is charged against the selling operations of GM itself.

to respond to inadequate sales next year with yet another round of credit subsidies and rebates.

In the middle of the market, American companies seem unable to dislodge the major Japanese manufacturers, which are steadily strengthening their position by inward investment in the US and the gradual substitution of Japanese-produced imports with "immigrants," cars designed in Japan but assembled in America.

US CAR SALES



motor industry but much of the component advertising and marketing infrastructure which serves it. The new worry for US car-makers is that the caller of the dance tune may actually be a dinosaur, rather than a gorilla.

El Salvador peace talks move fails

NEGOTIATIONS aimed at laying the groundwork for peace talks in El Salvador planned for this Friday have collapsed, Reuter reports from Panama City.

Pinochet bans reporting on guerrilla violence

THE Chilean Government, acting under a state of siege, has banned press reporting on guerrilla violence and on any group advocating a totalitarian view of society, Reuter reports from Lima.

White House warns on Soviet relations

THE WHITE HOUSE warned yesterday that US/Soviet relations can only deteriorate while US journalist Mr Nicholas Daniloff is not permitted to return home.

Japan resists imports criticism

JAPAN is strongly resisting an EEC attempt to have a text implicitly criticising its practices on imports included in the declaration with which trade ministers will launch a new round of multilateral trade negotiations.

US trade in services surplus 'far larger than officially reported'

THE VALUE OF US international trade in non-banking services and the size of the US surplus are far larger than reported in official government statistics, according to a study by the Office of Technology Assessment.

Peres meets US officials

ISRAELI Prime Minister Shimon Peres met US officials yesterday to review the Middle East peace outlook following his summit with Egyptian President Hosni Mubarak, Reuter reports from Washington.

Tropical products plea backed

DEVELOPING countries are pressing for trade in tropical products to be given separate and priority treatment in the trade negotiations in Punta del Este.

EEC move to endorse pasta war deal

EEC foreign ministers will today make a second attempt to endorse the pasta war peace proposals negotiated with the US last month by the European Commission.

Philips claims boost for disc system

PHILIPS, the Netherlands electrical and electronics company, said yesterday that a key EEC international standards "are one step away from being accepted" for its laser-driven data storage system, CD-ROM.

Advertisement for Hampshire Workforce. Features text: "A lot of local engineering expertise.", "Attitudes to quality are positive.", "Hampshire and the Isle of Wight is more than beautiful downlands, historical cathedral cities and a coastal playground of beaches and sheltered boating water." Includes a form for requesting information.

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Eximbank offer helps to win contract for US

THE US Export-Import Bank yesterday said its subsidised interest-free offer for a \$27m (\$12.5m) loan from the Corporation of India had enabled Control Data Corporation of Minnesota to light off competition from CITI Bank of France.

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MANAGEMENT: Small Business

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Michael Riddle (left) and Derek Fawcett bringing automatic piloting within affordable reach of family sailors

Taking a more systematic hold on destiny

William Dawkins examines controls at Nautech

Until two years ago, Nautech has been accustomed to steady and predictable growth in demand for its products, a range of electronic devices which it claims are among the first to have brought automatic piloting within affordable reach of family sailors.

automatic production equipment efficiently fed. "What they needed was a system to control materials so that they could maintain their level of service without stocking very high levels of inventory. Much of that could not be done just by providing more managers," explains Richard Johnstone of P-E Information Systems, the consultancy which advised Nautech on its new computer system.

the group has cut by 2300,000—a reduction of almost half—the book value of its warehouse materials and work in progress.

In brief...

THE Government is shortly to present to parliament proposals for new product liability regulations, expected to come into effect late next year.

The likely format of the proposed legislation will be considered at a conference on product liability to be held at the Holiday Inn, Heathrow, on November 18. Topics such as designing for safety, testing the safety of products and product risk management will also be dealt with.

Tickets cost 5143.75, rising to £161 after September 30. Conference on product liability to be held at the Holiday Inn, Heathrow, on November 18. Topics such as designing for safety, testing the safety of products and product risk management will also be dealt with.

AN anonymous benefactor has put up £190,000 to launch what is believed to be Britain's first venture capital fund for workers' co-operatives.

Innovation

A plea for seed funding

William Kingston proposes a European approach to research finance

EUROPEAN politicians, pondering how to reverse the decline in their countries' share of world high technology markets, might care to cast an eye over the Atlantic.

THE Small Firms Merit Award for Research and Technology, less commonly known as Smart, was launched in Britain in May to attract biotechnology and research projects, writes William Dawkins.

more than 60 per cent. More than two-thirds of venture capital was invested in the technology meccas of Massachusetts and California alone during that period, but these gained only 41 per cent of SBIR awards.

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US MOTOR COMPONENT INDUSTRY

Yet another Japanese transplant threat

By Kenneth Gooding, Motor Industry Correspondent

MATSUBITA ELECTRIC, Nissan Radiator, Sumitomo Electric, Mitsubishi Belting, Yonzu Motor, Tokai Rubber, Inoue MTP have in the past three months joined the growing list of Japanese motor component companies intending to set up plants or joint ventures in North America.

What began as a trickle threatens to become a flood which could overwhelm a large chunk of North America's own industry.

Some of the US component manufacturers believe that 300 of their Japanese rivals are poised to move into North America as part of a carefully planned strategy to conquer the domestic producers.

Others suggest the influx is a byproduct of a natural phenomenon sparked off by the headlong rush of the Japanese car makers to set up assembly plants in the US, facilities that will have the capacity to produce well over 2m cars annually, starting next year.

Whatever the truth of the matter, the changes taking place "upstream" in the North American motor industry will be watched with intense interest in Western Europe, which has a car market about equal in size to that of the US and one to which the Japanese assemblers will turn their attention once their American plants are up and running smoothly.

Nearly every Japanese car maker—Toyota, Nissan, Honda, Mazda, Mitsubishi, Subaru, Isuzu and Suzuki—has joined the list of those "transplanting" some assembly to North America. Only Daihatsu is missing.

On the face of it, this should

be good news for the US component suppliers. The transplants—as they are known in Detroit—should replace some built-up Japanese car exports and provide more business for the American component producers.

But in many cases Japanese assemblers are encouraging their domestic suppliers to follow them into the US instead of shopping for US products.

Japanese component companies can no longer afford to stay away from North America

A survey by the Japanese Industry Policy Research Institute highlighted some of the reasons why Japanese automotive companies find local procurement of parts and materials difficult after they have moved into other industrialised countries.

The Japanese say prices are high but quality is low. Deliveries are unreliable. Local parts suppliers lack the necessary design capability. And so on.

As for the US, the Japanese say that on a small scale of the type they mainly produce, have been made in the US in the past that components for that type of car often are not easily available.

The Japanese also rely heavily on a technicality which

they say prevents them helping the US industry to develop this capability.

They claim that, while the car makers provide outline specifications for individual parts to their component suppliers, detailed design and know-how belongs to the supplier. The car companies say they cannot insist on the designs and know-how being passed on to potential American

workers earn \$15 an hour, in the supply industry pay is more modest: \$6 to \$7 an hour. "At ¥170 to the dollar, that is on a par with Japanese wage levels" suggests Mr Tomisawa.

The suppliers also learned that the automotive workers' union, the UAW, is not so strong in every part of the US as it is in Michigan. The UAW has yet to organise the workforce at either the Nissan factory at Smyrna, Tennessee, or the Honda plant in Marysville, Ohio.

Whatever their reservations about the conditions they might meet, Japanese component companies can no longer really afford to stay away from North America.

For there is little doubt they will lose some business in Japan as exports of built-up cars slip back and are replaced by US or Canadian-assembled vehicles.

The Japanese car producers say they do not intend to cut back exports to the US, now running at 2.3m a year, as their new American factories come into production. But something has got to give even if the US groups meekly hand over all the subcompact (small car) part of the market to the Japanese—

which they are unlikely to do.

As Marina Whitman, General Motors chief economist, points out, subcompact car sales account for about 14 per cent of the US market, or around 1.5m registrations in 1986. As the cars the Japanese intend to produce in North America mainly come into this category, "a good deal of the transplanted Japanese cars will substitute for imports. Otherwise the numbers just don't add up."

For many Japanese producers

there remains the nagging fear that there will not be enough demand to keep their new American factories busy. Certainly, they would not be profitable ventures if they had to rely solely on the Japanese-owned assembly plants—even if those plants, taken together, will eventually produce more cars per year than Chrysler. Winning business from the US groups will be essential if any new component venture is to make a reasonable return.

The US car makers already have shown their willingness to buy from Japanese sources. At the end of the 1970s the American companies made a thorough study of the Japanese motor industry to find out how it was able to deliver cars to the US at such relatively low prices.

The US groups discovered that the suppliers accounted for much of the Japanese competitive edge—so they began to build links with the supply industry in Japan. As a result Japan's component exports to the US have grown from \$480m

in 1980 to \$2.5bn last year and are now a significant element in automotive trade between the two countries.

The Americans must tread carefully, however, because they will not wish to do too much damage to their own component subsidiaries.



Japanese cars stockpiled in Illinois. New US component makers fear competition on their home territory

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The Americans must tread carefully, however, because they will not wish to do too much damage to their own component subsidiaries.

This is particularly true for General Motors which produces 70 to 80 per cent of the components used in its assembly plants. For Ford the total is 40 to 50 per cent.

Chrysler is the least vertically integrated of the US "big three" car makers, with only 30 to 40 per cent of its components made in-house. It has not gone unnoticed by Chrysler's rivals that its recovery from near-bankruptcy has been helped significantly by the company's relative freedom to shop world-wide for inexpensive components.

GM, with the most to protect, has begun looking for joint ventures with the Japanese component groups. It has set

up a joint automotive spring venture with NEK Spring and its Delco Moraine division has formed a joint company with Akabono Brake.

Some North American component companies are gloomy about the prospect of being squeezed by the arrival of the Japanese and the apparent willingness of their large US customers to buy from the new Japanese factories.

The US embassy in Tokyo recently commissioned a study by Hueristic Associates which indicated that 300 Japanese component companies are poised to move into the US, barring any US restrictions.

The study estimates that by 1989 the domestic content of cars built in the US will be down to 42 per cent while Japanese content will rise to 50 per cent. Eight per cent would come from other foreign sources.

Captive car imports—cars assembled outside North America but imported for sale by GM, Ford or Chrysler under

their own name-plates—will have an estimated 95 per cent foreign content.

According to the US Automotive Parts and Accessories Association, that would cause employment in the US component supply industry to drop by 25 per cent.

Lee Kadrich, managing director for government and trade, for the association, says: "Japan is moving to fill a major market vacuum left by American car makers who have shed unprofitable small car models. This has played into the hands of the Japanese car makers and their supplier families, long bent on controlling the equipment markets for all cars sold in America."

The association suggests that most sub-components and materials used by the Japanese component factories will be imported and this could lead to a further deterioration in the US balance of trade in automotive components with Japan.

However, not all North American component groups are dependent about the arrival of the Japanese. Many feel that the Japanese will be less formidable competitors once they set up in the US and have to face the same conditions as American companies.

Other US groups welcome the chance, previously denied them, to supply the Japanese car giants by way of joint venture projects. Many feel confident that, once they prove themselves in the US, they can expect business from assembly plants in Japan as well.

There is also no doubt that many customers expect the wind of change blowing through the industry to be refreshing rather than damaging. Mr Tomisawa of the Long Term Credit Bank quotes a GM purchasing executive who told him: "The American parts manufacturers do not know what goes on outside the US. They don't know that some of their competitors in the rest of the world are superior to them. I give a rousing welcome to the Japanese automotive parts manufacturers' move into the US because it will bring home to the American producers the harsh facts of life."

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TECHNOLOGY

How Shell plans to win its battle with the big bad Troll

Lucy Kellaway reports on the development of Norway's giant North Sea gas field

IMAGINE a layer of gas 5.5 metres thick, and covering the whole of Norway. Shift it out into the North Sea, 80 km North West of Bergen, and bury it under 1,000 feet of water where the sea bed is soft and yielding.

This is the Troll field, the largest gas accumulation in Europe apart from the giant Groningen field in the Netherlands. It contains 1.3 trillion (million, million) cubic feet of gas, enough to meet 15 per cent of West Europe's consumption for the next 60 years.

When the field was discovered by Shell in 1979, it seemed unlikely that it would ever be developed. The water is more than twice as deep as that of any producing field in the world. The softness of the sea bed means that any heavy structure placed there would be likely to sink. The weather is particularly unkind, with coastal whirl currents as well as the normal harsh conditions of the North Sea. To add to these problems, the reservoir is shallow, so the pressure is low, and a relatively small amount of the gas can be tapped from any single point.

Since 1980, however, an industry has sprung up in Norway to develop imaginative solutions to the Troll problem. The £50m spent so far on research and development has not been wasted, and several viable ways of producing the gas have been devised.

Although the field was declared economic three years ago the impetus to go ahead with development plans was given earlier this summer when a deal to sell about a third of the reserves to a consortium of European buyers was signed.

Since the signing of the £40bn deal in June, Shell, which will operate the field during its development phase, has been drawing up plans. These were submitted to the Norwegian Government yesterday. Approval is expected by the end of the year, starting a process which will take eight years before the first gas from Troll is produced.

Over the past five years, Shell

has examined every sort of platform, fixed and floating, concrete and steel, and has also studied ways of producing the gas under water.

Its early plans for developing the field have had to be greatly simplified as the fall in the oil price has upset the field's economics. At first Shell had intended to build a single platform in the North West of the field where there are great reserves of oil as well as gas, and produce them jointly using an extensive subsea production system for the oil.

However, the costs of recovering the oil, and the additional costs of building a platform able to handle both oil and gas have caused Shell to opt for a much simpler plan. The oil will be left in the ground until the price recovers to at least \$30 a barrel. In the meantime a single giant gas platform will be built. This will be capable of recovering as much gas as is needed to meet the gas supply contracts signed in June.

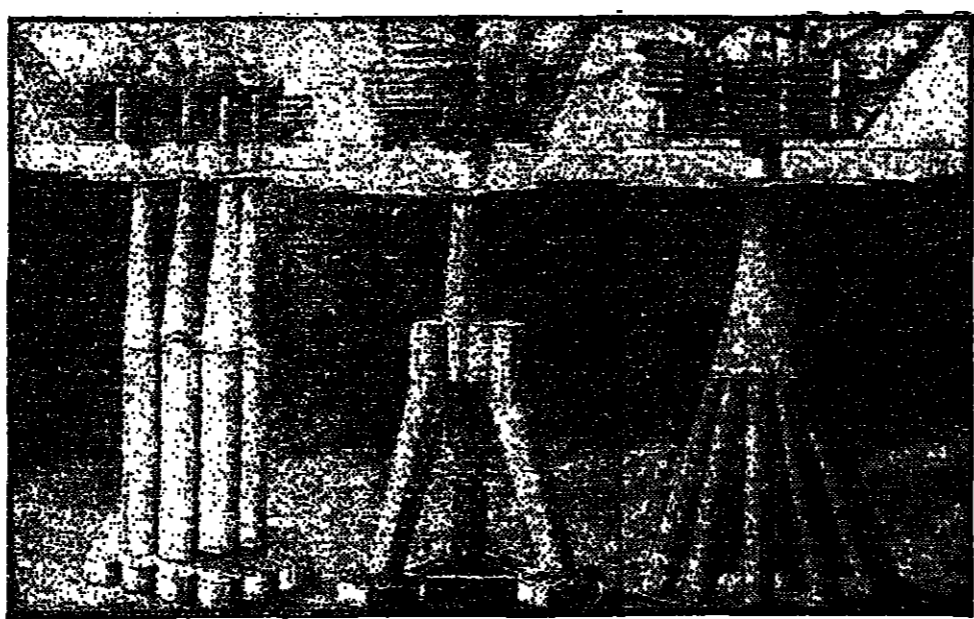
Some 40 wells will be drilled from the platform. These will together be capable of producing 24bn cubic metres of gas a year, more than half the output of the UK sector of the North Sea.

The problem is to devise a production system which will not merely overcome the technical challenges of Troll but will be cheap enough to make the whole project viable.

Shell expects the total investment to be about £2.5bn, but how much money it will make depends on the oil price against which the gas contracts are indexed. Even at \$20 a barrel the returns are less than 10 per cent, after taking into account the recent tax concessions made by the Norwegian government.

All along Shell has been adamant that as much as possible should be done by adapting existing know-how rather than taking the additional risks of employing untested technology. The industry has responded with several possibilities of which Shell is examining three.

One of the serious early con-



Candidates for Troll. The selected rig will stand in water more than twice as deep as any producing field in the world

steel, but this has been rejected on the grounds of cost. Norwegians have become expert in building concrete platforms. The material is cheaper, the labour required is relatively unskilled and the platform can be built in onshore fabrication yards and towed out to sea, saving on expensive installation work.

Concrete platforms are also particularly well suited to deep waters because they require little or no maintenance. The deeper the water the more difficult it becomes to carry out repairs, as in great depths divers are almost powerless.

The chosen platform needs to be designed so that it will not sink into the sea bed, and will survive the strong currents in the water. Two of the major contenders being considered by Shell have been developed by Norwegian Contractors, Norway's largest maker of concrete platforms.

The best tested solution, that submitted by Shell to the Norwegian Government yesterday as a "base case" is a concrete monowater supported by three sloping legs. The three-legged design makes the structure more resilient to strong water currents, and, if accepted, would be the first of its kind. Norwegian Contractors have been working on this platform for over a decade, and in 1983 successfully completed a scale model of one of the supporting legs to prove that it was possible to build a strong concrete structure at such a steep angle.

This test project, which cost about \$2m was financed jointly

by Norwegian Contractors and the Troll partners. The result was the steepest sloping building in the world. At a slant of 16 degrees, it easily outleans the leaning tower of Pisa, which inclines by a mere 5 per cent. Stavanger's leaning tower, which stands some 50 metres tall, has—like Pisa—become a tourist attraction, at least among visiting oil engineers.

The three-legged tower would have to be built to overcome the awesome difficulty of towing out to sea a structure which is taller than the Eiffel Tower. The base of the structure needs to be both heavy enough and buoyant enough to support the top of the platform—which weighs 60,000 tons—and to keep the whole thing upright.

This is achieved by filling the top part of the legs with air, so that the buoyancy is fairly high in the water, balanced by the weight of the base below.

The structure is then lowered into place by letting the air out of the legs. Some air is left in the central shaft to reduce the weight of the whole structure and help prevent it from sinking into the sea bed. Settlement is also prevented by the sheer size of the base, which is large even in proportion to the load it supports.

A second concrete innovation uses the new concept of the skirt pile. This has been specially designed to get a firm contact between the base of the platform and the sea bed. The skirt consists of a mass of vertical, hollow concrete cylinders upended, and attached to the

base of the platform, open at the lower end. The weight of the platform presses the cylinders down on to the sea bed and once the platform has stopped sinking any remaining water is pumped out of the skirts to create a vacuum between the platform and the sea bed.

Skirt piling is to be tried for the first time in 1988 in the Gullfaks field in the North Sea. Gullfaks' skirts will be 22 metres high and have a base area of 4 acres.

However, these for Troll will have to be much larger still, with skirts some 35 metres long. More work needs to be done on installing such a monster, and getting the skirts to penetrate so deeply.

Norwegian Contractors has already spent about three years researching this project, and expect that within another year the remaining problems can be solved.

Meanwhile, Shell's decision to present the three-legged tower to the Government for approval does not indicate that the tripod is its preferred choice. The contract for the platform will be put to tender in 1988, and the work will go to the most competitive bidder.

Whichever platform is chosen, it will be built in one piece and towed out to sea. This will create problems for the construction industry in Stavanger. Existing yards are not big enough so a new one in the deeper waters of the Northern fjords will have to be built.

The high price to be paid for improvement in picture quality

It is conference time for the television and film industries—the season when people in the industry are trying to find out what they should be buying or doing next year.

This week alone sees Videal 88 in Birmingham (the home video show), UNILATEC in Budapest (film technology), Interactive Video in Geneva, and the International Broadcasting Convention (IBC) in Brighton, the latter one of the world's major exhibitions and conferences for the television industry. It boasts 170 exhibitors, 10,000 delegates and products spilling over on to Brighton's seafloor.

This year's IBC highlights the issues which at present preoccupy the television engineers. For example, of 63 papers due for delivery, 18 mention high definition television (HDTV) in their titles. Other dominating themes are the European rivalry to HDTV—the MAC family of systems (which offer improved picture quality without a major upheaval in existing standards), satellite television, digital techniques and video recording.

Nearly all of these developments have one common aim: a quest for better picture (and sound) quality. In the case of HDTV and MAC, this may mean sharper pictures free of spurious visual effects like moiré patterns.

On the networker's horizon is a suit, with satellite television, perhaps better reception and higher quality sound; while digital techniques promise fewer quality losses along the reproduction chain (each stage from camera to video editing, to transmission, to receiver is rather like copying a photo-copy of a photo-copy—whereas digital television is more akin to merely copying numbers and loses nothing).

Undoubtedly these are the main issues now preoccupying the television engineers. But there is an even bigger issue which overrides the technical niceties—that of cost.

Technical developments in television over the past 25 years have been concerned, understandably, with getting on to home TV receivers a picture of acceptable quality. And the pictures of 25 years ago were barely acceptable when compared with the only other yardstick available to viewers—the

cinema. However, the gap has narrowed so much that, especially in Britain where colour TV quality can be quite superb, some people are beginning to change their priorities.

Television is an extremely expensive process, and HDTV, DMS (direct broadcasting satellite), digital techniques, all threaten to escalate this cost even more in the search for perfection; while paradoxically the improvements may be unneeded, unwanted, or unappreciated. For example, an increasing number of high-budget feature films—originally shot on 35 mm film—are being broadcast from 16 mm copies of dubious quality.

One reason for this is cost and convenience. The original 35 mm films were usually shot for the wider format of a cinema screen (in some cases,

FILM AND VIDEO

by John Chalkock

very wide—in CinemaScope). On television, this invariably means that some of the action will fall out of frame on the left or right.

The solution to this problem is "panning and scanning." The 35 mm print is transferred to videotape, and in the process the TV framing is constantly shifted to keep the essential action in frame. Modern telecine machines automate the process to some extent, but it still requires human time and effort. However, because many 16 mm prints for non-theatrical circulation have already been produced in scan and pan version (their format is similar to a TV screen), some broadcasters are using 16 mm prints to avoid the time and trouble of making pan-and-beat videotapes from superior 35 mm copies.

This lowering of standards exemplifies the growing conflicts which televisionists in moving pictures are heralding. One phrase coined to summarise the cost/benefit dilemma is "technical value." It's the John Tucker chairman of the International Broadcasting Commission's management committee, puts it: "Are there people

THE REAL SUCCESS IS GECAMONICS EXPORTING TECHNOLOGY

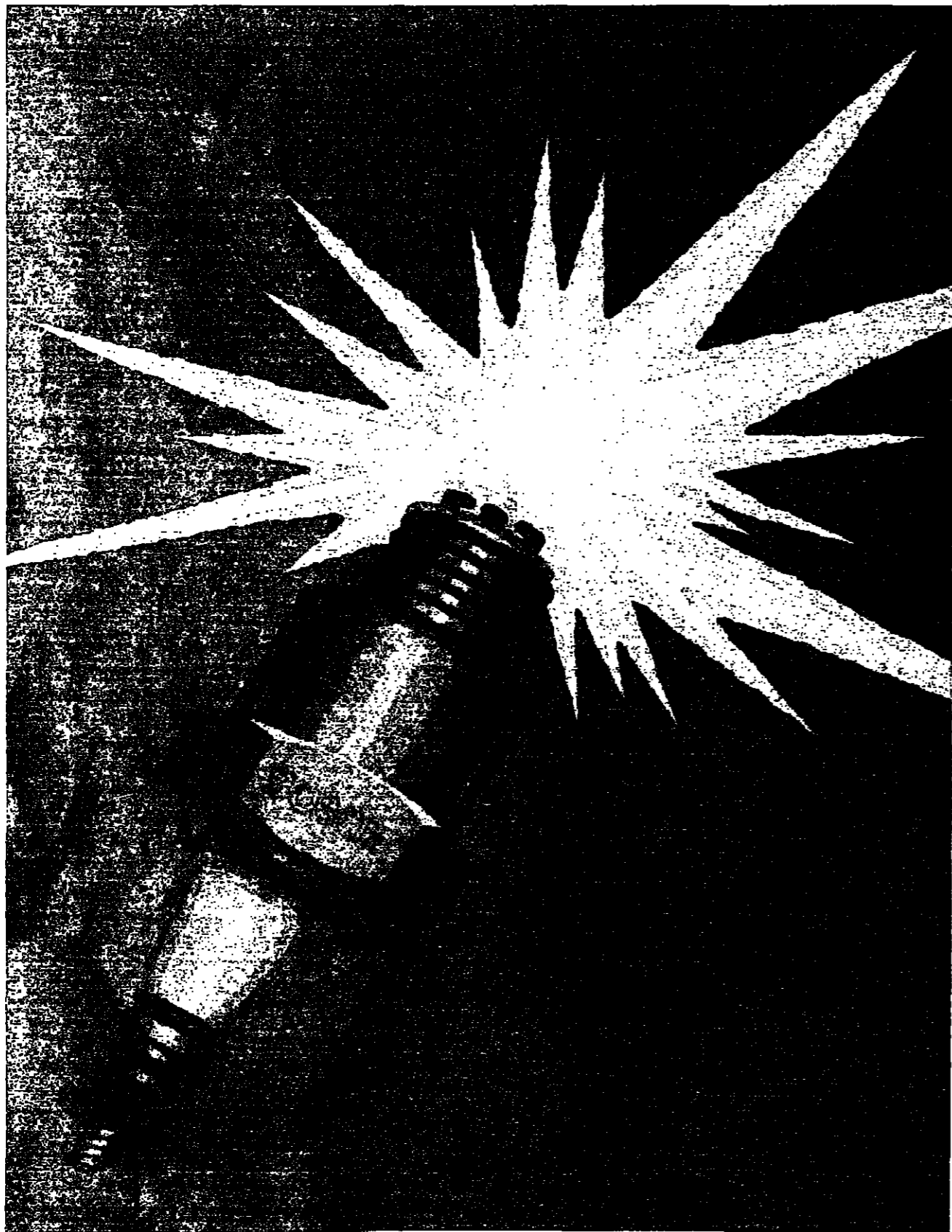
going to watch, will I use fewer staff, and will it cost less?" These days the answer to the last question is often "no." The answer to the first question can be... bewildering when many viewers endure—quite happily and unnecessarily—television picture quality that would turn a TV engineer's hair.

Indeed, technical performance is becoming less relevant as other criteria begin to take over. Tucker believes, for example, that the HDTV conflict with MAC (Japan and the US versus Europe) may be resolved by administrative court work, that the world will finish up with two rival standards.

It is also commercial logic that is trying to force the cinema industry to think again about its well established standard of 35mm film running at 24 frames per second, using four perforations per frame. New legs include increasing the frame rate to 30 frames per second (to reduce flicker but also render film more suitable for the proposed DMS, standard for HDTV); and reducing the number of perforations per frame from four to three. This would mean abandoning the sound track down the side of the film and allowing the frame height and width to be increased by over 50 per cent. The sound would be provided on a separate compact disc, synchronised by a time code printed outside the picture area of the film.

The quality benefits are of course, sharper and brighter pictures on the same screen size, and superb sound reproduction. But when such cinema owners still find it difficult to justify the cost of new carpeting—and TV broadcasters accept inferior 16mm prints for transmission—how relevant are such improvements?

It is a sad paradox of new technology. The experience of moving pictures is predicted on the reproduction of reality. Technology has steadily heightened that experience of reality—but to the point where cost threatens a reappraisal of objectives. In future, engineers will find that part of the possible is no longer governed by the laws of physics—but by politicians, accountants and cost-makers.



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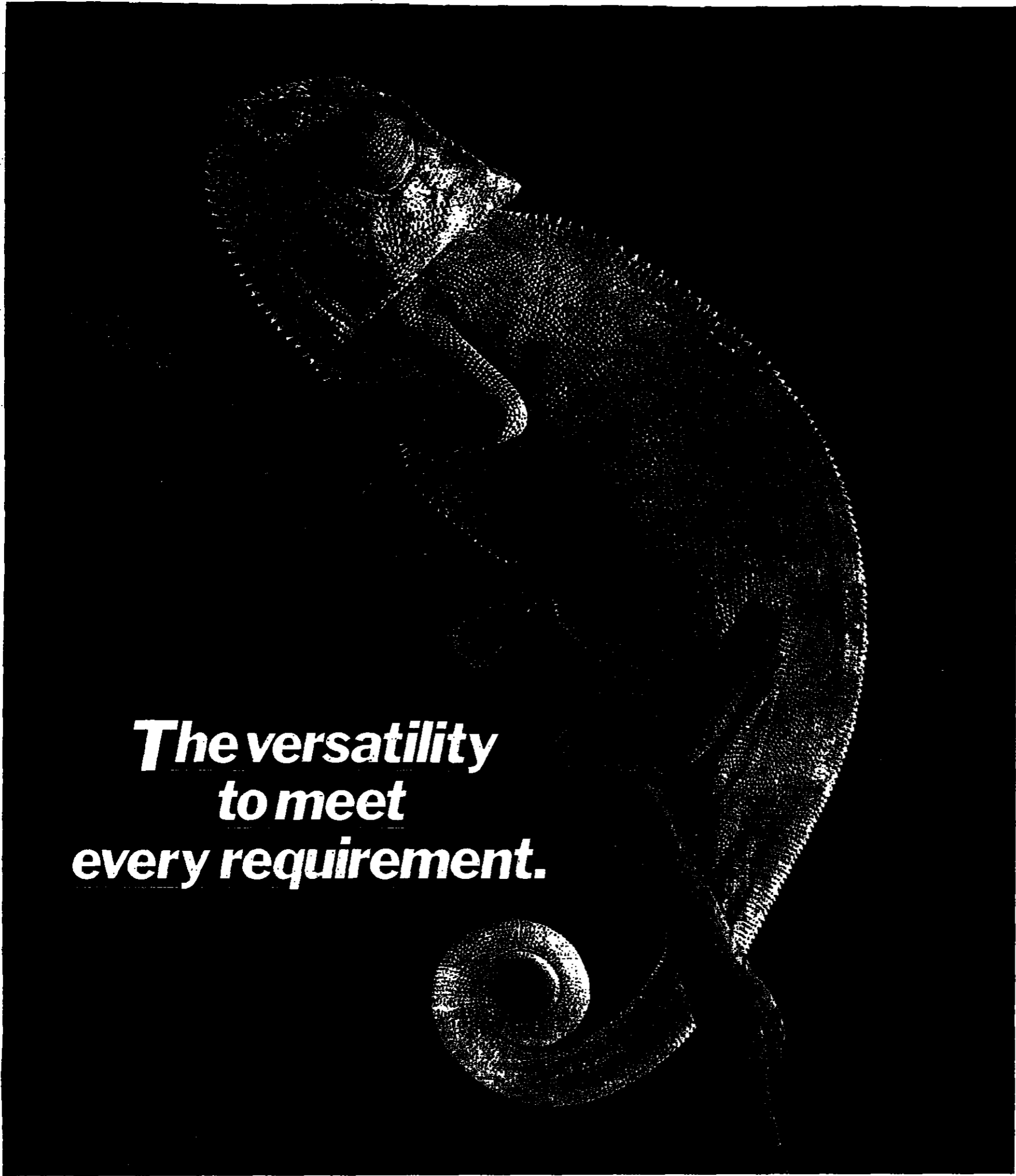
In all, the company has brought the world many new and exciting products, and we have also developed and refined the ideas of other inventors, and turned them into viable propositions. Of course, we're now working on further developments for the future. But however advanced they may be, they need to have that spark. The spark that's given substance to so many Bosch innovations.

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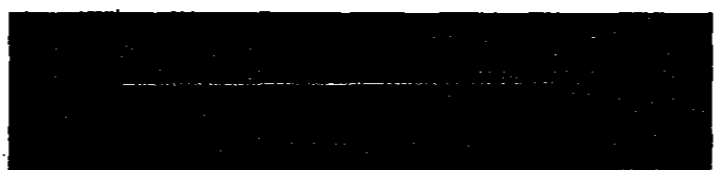
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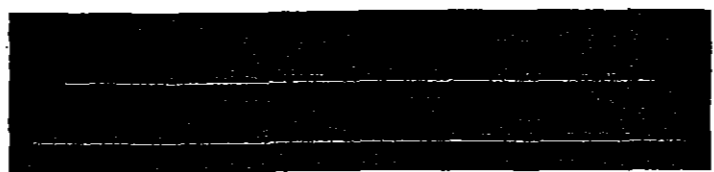
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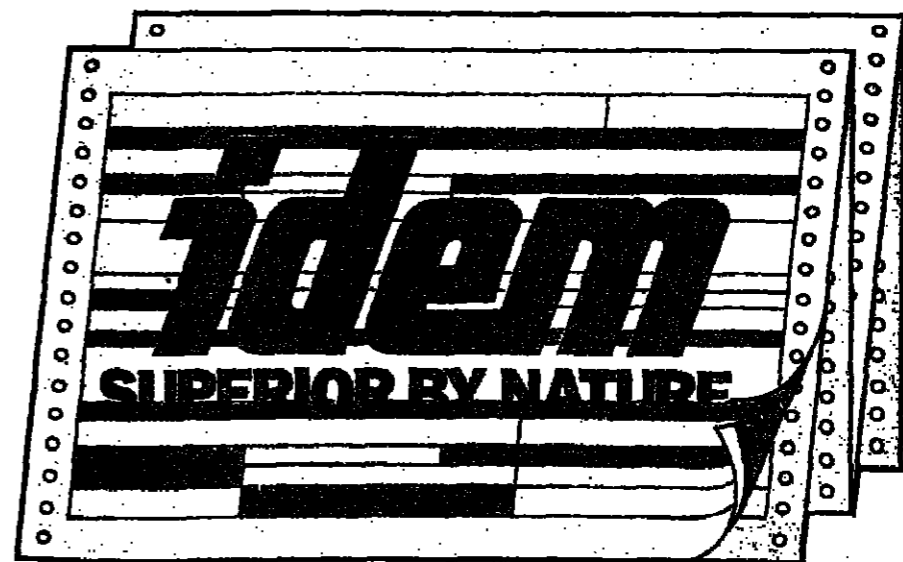


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BY GEORGE GRAHAM

BRITAIN'S consumer spending boom continued last month with retail sales topping £7bn...

The value of retail sales in August averaged £1.75bn a week, without seasonal adjustments, 7.4 per cent higher than in the same month of 1985...

Social Democrats decide to redraft tax proposals

Michael Cassell reports on the SDP conference at Harrogate

THE SOCIAL Democratic Party (SDP) yesterday moved to try to clear up the embarrassing and potentially damaging confusion surrounding its proposals for tax and benefit reforms...

A replacement sentence now emphasises that at least two thirds of all taxpayers will gain under the SDP proposals...

eral leader, yesterday told SDP delegates that the Alliance now offered the electorate an alternative to "the deadening choice of an unreconstructed Labour Party and a burned-out Government."



David Steel: Alliance offered an alternative

Party leadership still based upon original defectors from Labour

By Peter Riddell, Political Editor

WE ALL know Dr David Owen is in charge, but who else runs the Social Democratic Party? To a remarkable extent the leadership is still based on a hard core of former Labour MPs and activists...

The old Gang of Four approach died at the Salford conference in 1983 when Dr Owen asserted his leadership, but the others are still very active...

of the national committee, which is partly elected by all-party members and which does not see the steering committee's minutes.

Caution urged over mortgage lending

BY NICK BUNKER

BUILDING societies and other mortgage lenders have been urged to show caution by Mr Robin Leigh-Pemberton, Governor of the Bank of England, in the UK authorities' first official response to rising mortgage arrears...

Savings Associations. Financial institutions, he said, now found lending for owner-occupation "highly attractive" because of the security of the underlying asset...

National and Provincial intends to diversify

ANOTHER big building society, the National and Provincial, unveiled yesterday its plans for using its new powers under the Building Societies Act...

unsecured consumer lending. Investment services would be widened to cover "management of sale and purchase of stocks and shares, personal equity plans and unit trusts..."

British Rail to end Zeebrugge freight ferry

By Kevin Brown

BRITISH RAIL (BR) confirmed yesterday that its train ferry freight service from Harwich, south-east England, to Zeebrugge, Belgium, would close in January...

Fujitsu opens European support centre

FUJITSU, the Japanese computer and electronics group, is opening a new European headquarters and customer support centre at Stockley Park, near Heathrow airport, London, David Thomas writes...

WH SMITH advertisement featuring the headline 'Why we're putting £23 million into a new till', an image of a cash register, and various promotional messages.

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Letters to the Editor

Vocational training's role in beating unemployment

From Mr K. R. Wade
Sir—In common with most economists, both Professor Layard and Samuel Brittan (September 10 and 11) seem to have fallen into the trap of assuming that because economies in the heart of trade, trade depends solely or mainly on economic measures; and everything that is traded, including labour, has the characteristics of a commodity.

and the simultaneous loss of a largely captive imperial market. Over the last few decades, we have been increasingly exposed to the blast of competition from people who have often proved better at satisfying consumer-needs than we are. To make matters worse, as productivity rises so does the need for even more creative, entrepreneurial, market-oriented people to identify and exploit the opportunities which provide employment for those who are unable to find it for themselves.

Labour's public spending plans

The struggle for credibility

"IN THE past the Labour Party in opposition has done itself much damage by its attitudes towards, and its promises about, public expenditure. In the preparation for previous elections we have almost always committed ourselves to more public spending than the electorate thought credible and the economy could reasonably bear."



Mr John MacGregor, Chief Secretary to the Treasury.

Government's medium-term financial strategy. Most of any fiscal stimulus would be used to fulfil the pledge to reduce unemployment by 1m in two years. This would involve a reduction in the employers' national insurance contributions.

Blacks and the Stock Exchange

From Mr A. Phares
Sir—If as a black man someone were to give me a job and subsequently to sack me, the last thing I could accuse my former employer of would be racial prejudice. The case of the unfortunate David Adeleke, whose dismissal from Barclays Bank was recently reported, is a stark reminder of the attention, is thus unlikely to have much to do with racial prejudice.

TEA CO SALES GREAT NEWS! THE MACK HAS SELECTED ONLY TEA DRINKERS TO GO TO THE WEST INDIES!



From Mr M. Gosling
Sir—I have a theory on why the English are losing at cricket and it is nothing to do with Botham, Gower or Gatting. Simply the British have stopped drinking tea. During the past 10 years the IOD has become the only body to offer a diploma in company direction; it has vastly increased its production of professional manuals and its advisory services, and it welcomed—indeed it suggested—the new professional test of appropriate conduct for directors to be found in section 15 of the Insolvency Act 1985.

Radiation from natural sources

From the Head, Environmental Impact Assessments, Harwell
Sir—in voicing his concerns about radiation from the nuclear industry Mr R. J. Hills (September 11) appears to be unaware of the much higher exposures that result from natural sources of radiation.

Institute's non-executives

From the director, Boardroom and Non-Executive Director Services, Institute of Directors
Sir—Mr Clendley (September 9) asserts that the Institute of Directors has been inactive in the cause of promoting professional attitudes among directors and the use of independent non-executive directors. This is simply not true. During the past 10 years the IOD has become the only body to offer a diploma in company direction; it has vastly increased its production of professional manuals and its advisory services, and it welcomed—indeed it suggested—the new professional test of appropriate conduct for directors to be found in section 15 of the Insolvency Act 1985.

Iraq's strong leadership

From the Iraqi Ambassador
Sir—in his article on the Gulf War "Unwinning, unlosable" (September 8), Richard Johns concludes what is from a Western viewpoint, a reasoned piece of journalism by endorsing the ludicrous assumption that "only Saddam Hussein's departure is a credible guarantee to defuse the crisis."

Mortgage interest relief

From Mr D. J. Kidd, ACA
Sir—in your editorial on the housing market (September 10) you seem to suggest that the relaxation of mortgage interest relief for owner-occupiers is an anomaly based on political expediency. This is the common theme of much editorial comment now taken up by the Royal Institute of Chartered Surveyors following the Duke of Edinburgh's report, but despite its sponsors it is not well-founded.

Europe's technological future

From Dr J. L. Lambert
Sir—Dr Mackintosh's strategy (September 9) for Europe's technological future is unashamedly interventionist and protectionist and likely to cause more problems for other industries than it would solve for the Information Technology (IT) industry.

Nuclear safety: a minefield for errors

From Mr D. Lowry
Sir—May I contribute to the debate over the future of nuclear power begun by Professor Cassels (August 6) and developed by Mr Fortescue (August 15) and Mr Taylor (September 8)? I have spent the past five years examining the policy processes by which nuclear decisions are made in Britain, and would like to stress how important it should be that we learn from history, both in terms of avoiding repeating the same technical errors and in the presentation of the nuclear case to the public.

Prof. Cassels claimed Lord Marshall had been scrupulously careful to point out he was not saying "it can't happen here" with regard to the Chernobyl accident. But in an article in The People (May 11), titled "It can't happen here" Lord Marshall described the CEC's safety practice and its relationship with the Nuclear Installations Inspectorate and concluded that it provided "the basis for my belief that a Chernobyl accident could not happen in the UK." This article appeared barely two weeks after the Soviet accident, when Lord Marshall could not possibly have known enough to make any sort of categorical judgment, as David Fishlock made clear in explaining the Soviet revelations about Chernobyl in Vienna last month.

Government's medium-term financial strategy. Most of any fiscal stimulus would be used to fulfil the pledge to reduce unemployment by 1m in two years. This would involve a reduction in the employers' national insurance contributions.

through selective rationing. Labour argues that the markets should not be alarmed by a figure of over £18bn once they have taken account of inflation and the state of the economic cycle. Mr Hattersley says that a public sector financial deficit of 4 1/2 per cent of Gross Domestic Product (up 1/2 to 2 points on the current level) would be consistent with a stable government debt/income ratio of around 55 per cent, if nominal GDP grows at 5 per cent a year.

1985 Highlights of the year. The Annual General Meeting of the shareholders held on April 12, 1986 chaired by Prof. Avv. Piero Schlesinger approved the balance sheet of the year ended 31.12.85 (120th since foundation). Results achieved during the year confirm that the bank continued to progress in both the credit intervention and services sectors.



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Regulators act against two US savings banks

BY WILLIAM HALL IN NEW YORK

US BANK REGULATORS have seized control of Western Savings Association, one of the biggest savings banks in Texas, and closed Sunrise Savings and Loan, another big savings bank in Florida. The Dallas-based Western Savings has assets of \$2.5bn and Sunrise Savings of \$1.5bn. Both groups have been growing very rapidly and the regulators' action underlines the mounting problems in the US savings bank industry.

Bouygues to raise FF1.1bn in stock issue

By Paul Bettis in Paris

BOUYGUES, the leading French construction and public works group, is planning to increase its capital funds by FF1.1bn (\$140m) through an issue of non-voting stock to help finance a series of big new investment projects.

SWEDISH METALS GROUP LOOKS TO OVERSEAS EXPANSION AND CUTBACKS AT HOME Ailing Boliden plans 'clean-out'

BY SARA WEBB IN STOCKHOLM

BOLIDEN has hit hard times. Last month, the ailing Swedish metals, chemicals and mining group reported record half-year losses of SKr 66.4m (\$85.8m) after financial items, prompting management to question the company's long-term survival prospects. The gloomy financial picture improved slightly with the acquisition of the Swedish trading concern Ahlsell earlier this year.

Southland finalises Citgo deal

BY OUR NEW YORK STAFF

SOUTHLAND, the world's biggest convenience store group, has finalised the sale of half of its Citgo Petroleum marketing operations in the US to Venezuela's state-owned oil company in a \$200m deal. News of the proposed deal was first disclosed in early February and Southland said yesterday it had signed a definitive agreement to sell half the Citgo stock to Petros de Venezuela (PDVSA).

Agricola income more than doubles

By Alan Friedman in Milan

AGRICOLA FINANZIARIA, the flagship holding company of Italy's Ferruzzi agricultural group, yesterday revealed a net profit of Lit.7bn (\$12.5m) for the year ended February 28. The profit was more than double that of the previous year.

Promet hit by severe losses in first half

BY JOHN WICKS IN ZURICH

PROMET, the financially troubled Malaysian-Singapore oil rig, construction and property group, has reported an after tax loss of 3.7m ringgit (\$1.46m) for the six months to June, compared with a profit of 6.44m ringgit for the same period last year.

Brown Boveri sees yearly earnings dip

BY JOHN WICKS IN ZURICH

BROWN BOVERI, the Swiss engineering concern, said group earnings this year might be below the 1985 level of SF 10bn (\$85m). Consolidated turnover, which rose by 24 per cent in 1985 to almost SF 13.9bn, is expected to show a slight increase due to payments for a large nuclear power station.

Alfa-Laval acquires US flow maker

By Our Stockholm Correspondent

ALFA-LAVAL, the Swedish dairy equipment and process engineering group, has signed an agreement to buy the US flow equipment manufacturer Tri-Clover from Owens-Corning Fibreglas.

Safren lifts turnover and profits

BY JIM JONES IN JOHANNESBURG

SAFREN, the South African shipping, casinos, transport, wholesaling and liquor marketing group, increased turnover and profits in the past financial year but its directors are unwilling to discuss future prospects because of uncertainty over the possible effects of sanctions. Turnover rose to R1.31bn (\$308m) in the year to June 30 1986 from R1.73bn in the previous year. The operating profit before interest, de-

CITICORP INVESTMENT BANK advertisement with logo and contact information for various international branches.

Cimenteries plans 1 for 3 rights issue

By Our Financial Staff

CIMENTERIES (CBE), the cement-producing affiliate of the Belgian holding company Société Générale de Belgique, is planning a one for three rights issue to help finance the acquisition of North American cement and concrete assets.

AVIS advertisement for Beatrice Companies, Inc. and Wesray Rent-A-Car, Inc. featuring the Avis logo and contact details for Lazard Frères & Co.

INTL. COMPANIES and FINANCE

YEN RISE AND STIFF COMPETITION THREATEN AUDIO MAKERS

Industry in need of a shake-up

BY YOKO SHIBATA IN TOKYO

JAPANESE manufacturers of audio equipment have been undergoing a severe ordeal because of intensified competition and a steeply appreciated yen. Aiwa, Akai, Sansui and Teac are among the well-known names which expect losses in the current fiscal year.

The industry has been turning to radical counter-measures in its attempts to deal with its difficulties. Leading manufacturers have announced mergers, joint ventures and divestments and have laid off staff.

Yet all agree that it will take time before they can see light at the end of the tunnel - specifically, a steady contribution to earnings from digital audio tape, which the industry sees as its next high-volume product line.

Before then, managements of audio equipment makers share a common expectation that the industry needs a shake-out in which they believe only the strongest will survive without either merging or tying in some looser way with another company.

The audio industry still suffers from the structural problem of cut-

throat competition by far too many manufacturers. This year, Japanese domestic output is expected to grow by 5 per cent to about ¥1,000bn (\$10.32bn).

Yet more than 20 companies, about half of them listed on the stock exchange, are scrambling to increase market share. This compares with fewer than 10 consumer electronics manufacturers dividing up a domestic market of some ¥2,000bn, and with 11 motor manufacturers competing in a market with annual sales of roughly ¥8,000bn.

Aggressive price-cutting in the industry has pared profit margins to the bone despite the high hopes originally entertained for such new products as compact discs and miniaturized audio components. The audio companies have now pinned their hopes on the introduction at the end of this year or early next spring of digital audio tapes, although they recognise they may have to wait some time before these contribute substantially to profitability.

The steady increase since last autumn of the yen's value against the

dollar has been a crippling blow to the industry, which exports 80 per cent of its output more than half to the US. Japanese audio manufacturers have found it extremely hard to pass on the impact of the dearer yen in terms of their US dollar prices because of the new threat to their markets from Korean competitors.

Among individual companies, Akai Electric has responded to the crisis by raising fresh equity capital. It sold 4m new shares to Mitsubishi Electric in July as part of a corporate restructuring programme.

In the six months to last May, Akai reported a 75 per cent increase in pre-tax losses to ¥3.25bn, despite a 9.5 per cent rise in sales to ¥33.1bn. Foreign exchange losses, including those accruing from the liquidation of overseas subsidiaries, resulted in a net loss of ¥2bn, taking the company's cumulative net losses to over ¥4.5bn.

During the first six months, Akai sold its videotape recorder plant at Hamaka, Tokyo, for ¥2.2bn, while during the current half year it is due to cut its workforce by 600, or

about 30 per cent. It will transfer its remaining VTR production to Mitsubishi Electric as part of the corporate reconstruction process.

Sansui Electric, the specialised producer of amplifiers, is taking steps to reduce its workforce by 350, or about 25 per cent, and is installing a new chairman.

Aiwa, the specialist in headphone-type tape recorders which is a 53 per cent owned subsidiary of Gosei, managed to show a net profit of ¥2.12bn in the first half of the current financial year against only ¥200m in the same period of the previous year. At the pre-tax level, however, there was a ¥1.9bn loss, compared to a ¥760m profit the previous year, on sales which fell 15 per cent to ¥32.63bn.

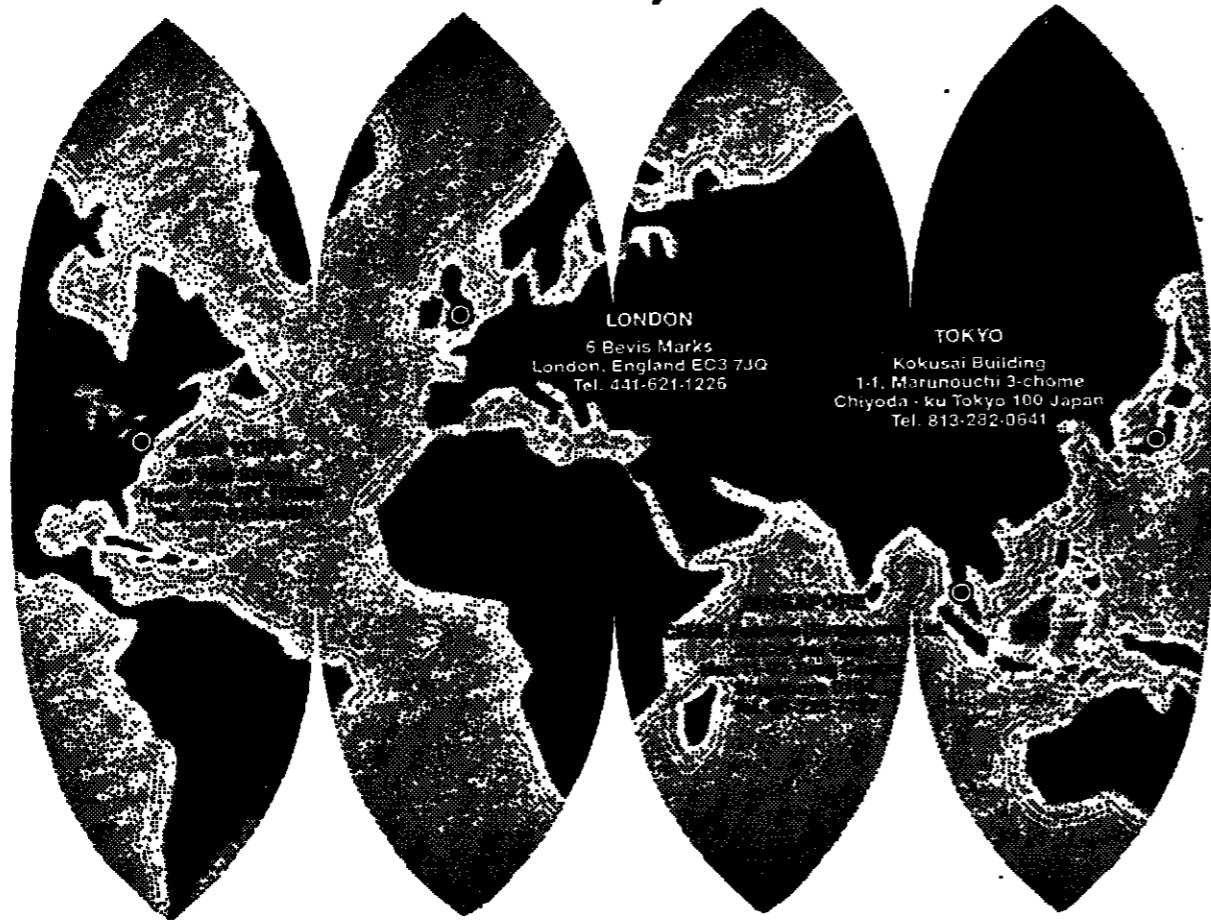
With little prospect of any recovery in earnings during the current year, Aiwa has come up with a business restructuring plan, the main features of which include 700 voluntary redundancies out of a workforce of some 3,500 and a rationalisation of headphones and mini-component production between the company's existing plants.



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Carrefour 53% ahead in first half

By Our Paris Staff

CARREFOUR, the leading French hypermarket retailing group, yesterday reported a 53.5 per cent increase in first-half net profits to FFf 210m (\$46.2m) from FFf 202m in the same period last year.

Group pre-tax sales in the first half rose by 14.2 per cent to FFf 23.2bn from FFf 20.3bn in the first half of last year. The company said it expected net earnings to increase by about 20 per cent for the whole of this year. Profits last year totalled FFf 590m, 21.5 per cent higher than the surplus of FFf 488m excluding special gains the year before.

Pre-tax sales last year rose 12.4 per cent to FFf 44.2bn from FFf 39.3bn the year before.

The group indicated that commercial activity was expected to be sustained in the second half of this year with competition remaining strong.

Emery forges air-truck network in Europe

By Philip Hastings in Basle

EMERY AIR FREIGHT, one of the largest US air and cargo concerns, hopes to shake up the European express freight market with the introduction this week of its own integrated air and trucking link network.

Fifteen airport cities in Europe, including London, Birmingham and Manchester in the UK, are to be linked to Emery's main continental hub at Maastricht, southern Netherlands, through eight nightly aircraft operations. Hundreds of other European cities will be brought into the system through trucking connections.

Mr John Emery, chairman, said in Basle yesterday, the development would allow the company to deliver intra-European non-dutiable courier express packages by 10.30 the next business morning. Durable courier parcels and heavier consignments would be delivered the next business day.

"We hope that in the slightly long-

er term we will be able to bring that 10.30 time forward to 9.30," Mr Emery said. "Eventually I would like to see us having an all-jet operation in Europe but initially it will mainly be sustained with turbo-prop aircraft."

Emery's move has reinforced fears of a fierce rate-cutting war in the European door-to-door express freight market as US companies take on locally-based operators.

Emery is also planning to double its existing daily two-day DC8 freighter operation between the US and Europe, probably by the end of this year.

The current flight, which carries both express and normal air freight, is routed from Dayton, Ohio through to Manchester, England and onto Maastricht before returning to the US. The second flight will be routed direct between Dayton and Maastricht carrying courier-express traffic.

French bank's profits rise

By Paul Betts in Paris

COMPAGNIE BANCAIRE, the specialised French banking group, yesterday reported a 24 per cent increase in net consolidated profits for the first half of this year to FFf 358.8m (\$83.5m) from FFf 289m in the same period the year before.

The bank, which comprises a number of banking and financial services organisations specialising in property leasing and consumer credit, said the earnings included special gains from the sale of securities of FFf 62.8m in the first half.

The group also said consolidated net earnings excluding special gains from share sales totalled FFf 855.9m for the 12-month period ending last June. Compagnie Bancaire's consolidated profits in 1985 totalled FFf 980m.

New lending and mortgage operations rose by more than 14 per cent in the first half of this year to FFf 21.8bn while total outstanding loans rose by more than 10 per cent to FFf 108.2bn at the end of June compared with the year before.

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INTERNATIONAL COMPANIES and FINANCE

Kurushima calls in its main banker

BY YOKO SHIMATA IN TOKYO

NIPPON CREDIT Bank is despatching a senior executive to take effective control of Kurushima Dockyard, Japan's largest shipbuilding company in terms of capacity, which ran into financial difficulties earlier this year.

Earlier this year Kurushima drew up a plan to seek ¥480m (\$310m) in loans from a group of 33 creditors, including Sumitomo, Sanmei Trust and Industrial Bank of Japan as well as Nippon Credit Bank. The plan was designed to protect the company against its projected financial shortfall during the current business year to March 1987, brought about by delays in payment from financially hard-pressed shipping company customers.

S. African construction group dips into the red

By Jim Jones in Johannesburg

DECLINING ACTIVITY and severe setbacks over a range of activities combined to push Murray and Roberts, South Africa's largest construction and civil engineer, into an attributable tax loss in the past year. A final dividend has not been declared and the directors hope that the group will be restored to profits in the current financial year.

Sabic lifts output and profits

BY FINN BARRE IN RYADH

SAUDI BASIC INDUSTRIES (Sabic) quintupled profits to SR 58m (\$15.4m) on sales of 5.4m tonnes of petrochemicals and steel during the first half of 1986. Sabic is a government corporation established in 1976 to begin an industrialisation drive in the Kingdom.

SR 4.87bn because most of Sabic's petrochemical plants have reached completion. During the first half of 1986, Sabic produced 2.8m tonnes of chemicals, 741,000 tonnes of fertiliser, 499,000 tonnes of plastics, and 643,000 tonnes of other chemical products. It also produced 975,000 tonnes of steel products.

Low commodity prices depress East Asiatic

By Wong Sulong in Kuala Lumpur

THE EAST Asiatic Company of Malaysia (EAC), which has diversified interests, has reported a 72 per cent fall in pre-tax profits to 3.3m ringgit (\$1.27m) for six months to June, due to depressed commodity prices and the Malaysian recession.

Korean building concern to buy stake in stockbroker

KUKDONG CONSTRUCTION COMPANY is to purchase a controlling stake in Dongshu Securities, a leading stock brokerage company in South Korea, a Kukdong official said yesterday. The stake will be Kukdong's first venture in the securities business, AP-DJ reports from Seoul.

Hopewell plans HK\$1.2bn rights issue

HOPEWELL HOLDINGS, the Hong Kong property developer, plans to raise up to HK\$1.2bn (US\$150m) by a rights issue of participating preferred shares (PPS) with detachable warrants which can be exercised into new ordinary shares. Reuter reports from Hong Kong.

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September 16, 1986

INTERNATIONAL CAPITAL MARKETS

CBoT urges universal regulation

BY ALEXANDER NICOLL

MR JOHN GILMORE, chairman of the Chicago Board of Trade (CBoT), yesterday called for uniformity of regulation in major financial centres in order to cope with the rapid internationalisation of the markets. Addressing a conference on Risk Management Instruments, arranged by the Financial Times in association with the Banker, Mr Gilmore said that the movements of financial markets last week pointed up the need for round-the-clock controls. Unless there was some form of universal regulation, there could be very detrimental effects. "The undesirable will always seek out the less regulated an often less intelligent,"

rapidly as the information that motivates it." He said regulators were moving from a role of nanny to that of sponsor for the markets. An example of this had been the development of the CME's link with the Singapore International Monetary Exchange, which was actually advocated by the Singapore government. Singapore's rules were based on those of the US. Mr Brian Williamson, chairman of the London International Financial Futures Exchange, said the slow progress made by other future exchanges towards international links was one factor holding back the progress of futures markets. The other was the reluctance of many companies to use the markets to protect themselves against interest rate and currency fluctuations. US exchanges had been held back from forging links across borders by fears on the floors in Chicago that liquidity would be drained away from their markets. "Risk is not confined by time-zone, and nor should it be," Mr Williamson said. "Life's future depends on co-operation with exchanges around the world." It plans links with Sydney and Chicago. The CME/SIMEX link would not serve as a model, since the most important links would be with the Chicago Mercantile Exchange. Mr William Brodsky, president of the CME, said the internationalisation of the markets is presenting new challenges. "Capital now moves across national borders almost as

Risk Management Instruments

whether programme trading involving the use of risk management instruments was making the markets more volatile. "Something seems to be going wrong," he said. Mr John Grout, group treasurer of BICC, outlined his company's uses of instruments managing interest rate risk. BICC had been employing financial futures for more than four years, partly because the company was already familiar with futures markets of its copper purchases. BICC also used swaps and interest rate caps. Mr Grout believed many more companies should use both interest rate and currency options despite the costs involved. Mr Mark D. Rhuddell, executive director of Citicorp Investment Bank, said companies

Eurocredit facility for Asda MFI group

By Our Euromarkets Correspondent

ASDA MFI GROUP, the UK retailing concern, is arranging a £200m five-year loan facility in the Euromarkets designed to refinance existing credit lines and to broaden the group's banking relationships. The deal, which is being arranged by County NatWest Capital Markets, is the company's first Eurocredit operation. It follows the successful launch of a Eurobond borrowing earlier this year. Terms provide for Asda to raise funds through the issue of sterling advances, bankers' acceptances or commercial paper, though it is unclear the stock to be waiting for the latter option. The bill will pass before adopting the latter option. The bill will clearly regulations for the new commercial paper market. Asda is paying an annual facility fee of 1/2 per cent on its deal. The margin on advances will be 1/2 per cent over London market rates and there will be an additional utilisation fee if over half the loan facility is used. The loan facility is the latest in a series of borrowings by British companies anxious to cut the traditionally expensive cost of borrowing on an overdraft from the clearing banks. Bank of New Zealand has announced Barclays Bank to arrange a \$200m, five year Euronote issuance facility, half of which will be undertaken. Reuter reports from Hong Kong.

French bank sole issuer in dollar bond sector

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

PERRAPS AS a mark of respect for bond dealers who have grown old and weary in the trading gradations of the past few weeks, the international bond markets took a cue from Japan's "Respect for the Aged" public holiday yesterday and virtually shut-up shop. The state-guaranteed Banque Francaise da Commerce Exterior was the only borrower to have the dollar sector with a \$100m, five-year issue carrying a coupon of 7 1/2 per cent and an issue price 100 1/2. Otherwise, trading was extremely thin with part of Switzerland also closed for a public holiday and traders elsewhere anxiously scanning yields after last week's steep falls in Wall Street. In the event, Eurodollar bond yields edged up slightly during the day but there continues to be a marked lack of end-investor demand.

Banque Nationale de Paris, which is leading the BFCE issue alongside Credit Suisse First Boston, said it decided to launch the deal because it forms part of an attractive swap package which will give the borrower fixed-rate French francs. Even though the dollar bond would be launched at a relatively generous rate of some 50 basis points over the equivalent US Treasury bond yield. As a result, it held its own in a reasonably stable market to be quoted at some 1 1/2 per cent equal to its total 1 1/2 per cent. Through some bankers said they detected lead manager support, BNP said it had bought back only a small proportion of the paper it had sold. New issue activity on the Continent was also restrained by last week's heavy market falls in Germany secondary market prices edged higher in line with a firmer domestic market. The movement was seen by dealers there as technical reaction in small trading volume. The European Coal and Steel Community launched a \$17.43m, four-year, 4 1/2 issue which bears an issue price of 100 1/2 and is the second part of an operations to refinance an earlier issue. Malaysia launched a \$1 100m, seven-year deal on the Dutch market, its first such issue since 1984. This carries a coupon of 7 1/2 per cent and an issue price of 99 1/2. Lead manager is Algemene Bank Nederland. Late in the day, Societe Generale made a \$100m issue following the recent trend for high coupon issues. Led by Daiwa Europe, it had an 8 1/2 per cent coupon and a maturity of five years. It is a non-callable deal being swapped into dollars.

MoF may ease bank restrictions

BY YOKO SHIBATA IN TOKYO

THE JAPANESE Ministry of Finance is considering lifting some of the present restrictions on yen-based investment by Japanese banks in foreign bonds, as part of its attempts to boost capital outflows and stem the upward climb of the currency. Discussions are under way with the banks which could lead to the restrictions being lifted this week. Although the changes envisaged are a step far short of giving the banks complete freedom in their dealings in foreign currency-denominated bonds, the foreign exchange market believes they are likely to have a greater effect in braking the yen's upward climb

than the series of capital outflow measures announced earlier this year. Under the plan, purchases of foreign bonds with yen funds are to be covered by the limits currently placed on banks' foreign exchange positions. At present, banks may buy foreign bonds only with their dollar funds, which are derived mainly from dollar bond issues and so-called foreign currency impact loans. In order to use yen funds to buy bonds, the yen must be converted into dollars through the foreign exchange market. Japanese banks are also, however, subject to limitations on their foreign currency positions, whereby foreign currency assets and liabilities have to be balanced at levels which remain relatively modest even for one of the largest banking groups. One effect of this is to make investment in foreign currency bonds virtually impossible for banks. Removal of the present restriction is expected to add considerable depth to yen/dollar foreign exchange markets and thereby stem the upward surge of the Japanese currency. The MoF is concerned that completely unfettered dealings by the banks in foreign bonds might create disorderly foreign exchange market conditions.

Fletcher takes control of Hawaiian group

By Dal Hayward in Wellington

FLETCHER CHALLENGE, the New Zealand conglomerate, has bought 80 per cent of Pacific Construction, a leading Hawaii building firm. Pacific Construction, which has an annual turnover of US\$120m and employs 400, was founded in 1988. It has built 25 per cent of Hawaii's guest rooms and 60 per cent of Honolulu's central high rise buildings. Fletcher has acquired the Hawaiian builder as part of its planned extension to its offshore construction division. The company intends to use this to expand further into the US mainland.

Chase Manhattan London offshoot to change name

BY OUR EUROMARKETS CORRESPONDENT

CHASE MANHATTAN LTD, the UK merchant banking arm of the US money centre bank, is to change its name next month to Chase Investment Bank as part of an effort to underline the changing nature of its activities in the City. Mr Thomas Labrecque, Chase president said. The bank will also set up three new subsidiaries—Chase Manhattan Euro Securities, Chase Manhattan Glits and Chase Manhattan Equities—designed to line up its activities in keeping with the role to be played by the various Regulatory Organizations (ROs) which will police

Bank Leumi net profits down 12.5%

By Judith Maltz in Tel Aviv

BANK LEUMI le-Israel, the country's largest bank, has reported net profits for the first half of 1986 down by 12.5 per cent to Sh 19.2m (US\$11.2m). Total assets declined by 1.5 per cent in shekel terms to Sh 94.2bn but in dollars the decline was 13.3 per cent. Mr Eli Hurvitz, the newly appointed chairman, blamed large provisions made for bad debts. Leumi has been rocked off for major Israeli concerns. He also said excess government involvement in financial markets was responsible for lower profitability throughout the Israeli banking system.

Chicago options exchange buys Cincinnati SE

By Adrian Dick

THE Chicago Board Options Exchange (CBOE), the leading US equity options market, is to buy the Cincinnati Stock Exchange in order to give its members a considerably greater ability to deal directly in the shares that underlie options dealings. Mr Walter Aesch, the outgoing chairman of the CBOE, said his exchange had realised it was at a disadvantage compared to its rivals in remaining a "pure" options market. "We decided we must have the capacity to trade stocks, too, in order to maintain a deep and liquid market." CBOE executives make clear that they see the move primarily as a protective one in the context of the growing interest in "side-by-side" trading in options and in the underlying shares. As a first step towards making the stock services available at other stock exchanges where share options are also handled, the CBOE recently obtained from the Securities and Exchange Commission a licence to carry out a pilot side-by-side programme of trading in six stocks and options. The CBOE, which expects to sign a letter of intent for the deal next week, is likely to pay only around \$2m for the assets of the Cincinnati Stock Exchange. Founded in the early 1970s, the exchange has little geographical connection with the city of Cincinnati, and has no trading floor. It has the distinction, however, of being the world's first entirely electronic stock exchange with around 160 shares currently quoted. Volume has remained relatively modest at 350,000 to 500,000 shares a day.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market. Closing prices on September 15

Table listing international bonds with columns for Issue, Par, Price, Yield, and Change. Includes entries like US \$100M, 10 1/2% (10/88), 103 1/2, 10 1/2, -0.125.

Table listing international bonds with columns for Issue, Par, Price, Yield, and Change. Includes entries like SWISS BANK, 10 1/2% (10/88), 103 1/2, 10 1/2, -0.125.

Table listing international bonds with columns for Issue, Par, Price, Yield, and Change. Includes entries like SWISS BANK, 10 1/2% (10/88), 103 1/2, 10 1/2, -0.125.

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INTEC INC. (Kabushiki Kaisha Intec) (Incorporated under the laws of Japan) U.S.\$35,000,000 2 1/2 PER CENT, GUARANTEED NOTES DUE 1991 WITH WARRANTS TO SUBSCRIBE FOR SHARES OF COMMON STOCK OF INTEC INC. unconditionally guaranteed as to payment of principal and interest by The Industrial Bank of Japan, Limited (Kabushiki Kaisha Nihon Kogyo Ginko) ISSUE PRICE 100 PER CENT. The Nikko Securities Co., (Europe) Ltd. Bank of Tokyo International Limited, Banque Indosuez, Cazenove & Co., Daiwa Europe Limited, Kleinwort Benson Limited, Mitsubishi Finance International Limited, New Japan Securities Europe Limited, Robert Fleming & Co. Limited, Baring Brothers & Co., Limited, Credit Suisse First Boston Limited, IBJ International Limited, Kuwait Investment Company (S.A.K.), Morgan Grenfell & Co. Limited, S. G. Warburg Securities.

Swedish life group rules under review

By Sara Webb in Stockholm

Swedish Life companies may be allowed to adopt a freer investment strategy if tax changes proposed by the Finance Minister are accepted. Until now, the life companies have been forced to invest 80 per cent of their investment income — including money from new premiums and returns on existing investments — in "priority bonds," which are Government and home finance bonds, with a return usually 1.5 to 2 per cent below that on other kinds of bonds. "The regulations meant that we could not take full advantage of the booming stock market in Sweden," said Mr Bjorn Wehrli, managing director of Skandia, Sweden's largest insurance company. Under the proposal, companies will be free to invest in higher-yielding bonds, as well as in real estate and Swedish equities. Last year, Skandia's return on priority bonds was 9 per cent compared with 45 per cent on equities and 16 per cent on real estate, giving a total return for 1985 of 13.5 per cent.

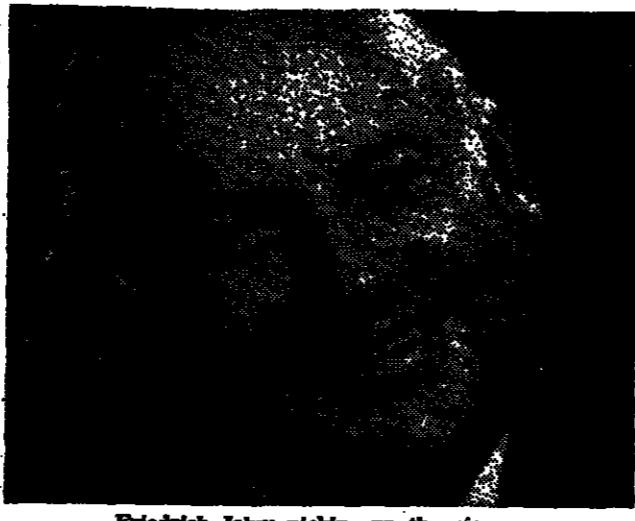
INTL. COMPANIES and FINANCE

Wienerwald hopes for growth from the appetite for health

BY JOHN WICKS IN ZURICH

FRIEDRICH JAHN has a taste for restaurants that he cannot resist even after large helpings of disaster. He opened his first restaurant in Munich in 1965, serving chicken broth made on a hotplate by his wife. Nine years later his Wienerwald chain of restaurants was the biggest in Europe. By 1981 it had a turnover of DM 2.2bn (\$1.05bn) running over 1,400 restaurants, 49 hotels and numerous other operations in 18 different countries.

an empire that is very much reduced but still substantial. The Munich company Wienerwald GmbH owns 121 restaurants in the Federal Republic and has 119 franchisees. Last year sales of Wienerwald-owned outlets and franchise fees amounted to about DM 190m, while turnover of the franchise restaurants was around DM 120m.



Friedrich Jahn: picking up the pieces

Suddenly, everything collapsed. The Swiss based concern, which at its peak was surpassed in size only by McDonald's and Trust House Forte, had run up debts of DM 257m, largely to pay for new American operations, Tourotel hotels in Europe and a German travel-agency venture. Banks withdrew their support and severe debt-settlement arrangements became necessary for the Swiss parent and the German subsidiary.

The streamlined company is starting to break even after a loss of DM 2.5m in 1985. Recovery is vital for Mr Jahn. The purchase from Mrs Thyssen was "favourable" to him and can be funded out of earnings he says. But he admits that the original financing came from an unnamed friend and was dependent on a return to profitability.

Mr Jahn believes he can push profits to double-digit millions of D-marks next year. This will mean raising sales and cutting overheads even further. He claims to have improved sales by 4 per cent and cut overheads by 15 per cent so far. Much of the savings came from a reduction of administrative costs at headquarters. As in the old days, he does an enormous amount of work himself, spending a lot of time on the road.

Mr Jahn's activities are limited to Germany in any case. All other Wienerwald operations, leading among which the substantial restaurant-and-hotel group in Austria, are still in the hands of Wienerwald Holding in Lucerne and thus owned by Mr Thyssen.

The Swiss-based concern had run up debts of DM 257m... largely to pay for new American operations, Tourotel hotels in Europe, and a German travel-agency venture. Banks withdrew their support and severe debt settlement arrangements became necessary.

An important task will be to polish up the faded image of Wienerwald. Although many of the restaurants have become shabby, Mr Jahn ridicules estimates that refurbishing will cost DM 50m. He claims the whole job can be done for between DM 3m and DM 5m.

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NOTICE OF REDEMPTION To the Holders of General Mills, Inc.

U.S. \$100,000,000 12% Notes, Series A, due December 19, 1991. NOTICE IS HEREBY GIVEN to the holders of the outstanding 12% Notes, Series A, due December 19, 1991 (the "Notes") of General Mills, Inc. (the "Company") that, pursuant to the provisions of Section 7(a) of the Series A Fiscal and Paying Agency Agreement dated as of December 19, 1984...

Table with columns for 'OUTSTANDING NOTES OF \$5,000 EACH BEARING THE FOLLOWING DISTINCTIVE NUMBERS:' and 'OUTSTANDING NOTES OF \$100,000 EACH BEARING THE FOLLOWING DISTINCTIVE NUMBERS:'. It contains multiple columns of numbers representing individual notes.

Advertisement for Barings B.V. and Barings plc. Text includes: 'Guaranteed Floating Rate Capital Notes Due 2001', 'Further Issue of up to U.S. \$50,000,000 of the Notes', 'U.S. \$30,000,000 of which are being issued as the Initial Tranche', 'Payment of principal and interest guaranteed by Barings plc', 'Baring Brothers & Co., Limited has agreed to subscribe or procure subscribers for the Notes.'

Advertisement for Allied Irish Banks plc. Text includes: 'NOTICE OF EARLY REDEMPTION U.S. \$100,000,000', 'Allied Irish Banks plc Floating Rate Notes Due 1992 (THE NOTES)', 'Subordinated as to payment of principal and interest', 'Notice is hereby given that in accordance with condition 7(b) of the terms and conditions of the notes, the company will redeem all of the outstanding notes, being U.S. \$100,000,000 nominal amount, at their principal amount on October 17, 1986...'

Advertisement for C.D. BRAMALL. Text includes: 'C.D. BRAMALL AUSTIN ROVER Ford GM', 'MAIN DEALERS & DISTRIBUTORS', 'Record profit for any half year Capitalisation issue', 'Turnover 62,064', 'Profit before tax 2,861', 'Profit after tax 1,427', 'Extraordinary item, net (33)', 'Dividend per share net 2.637p'.

Advertisement for 'Get your News early in Stuttgart'. Text includes: 'Eine Zeitung erst mittags geliefert, hat für Sie nur den halben Wert.', 'Damit Sie Ihre Financial Times noch vor Geschäftsbeginn erhalten, haben wir unseren Botendienst in Ihrer Stadt weiter verbessert.', 'Einzelheiten erfahren Sie von Financial Times in Frankfurt.', 'Rufen Sie die Abonnenten-Abteilung an. Telefon: 069/7598-0 The Financial Times (Europe) Ltd, Gaiolletstraße 54 6000 Frankfurt/Main 1'.

Advertisement for Allied Irish Banks plc. Text includes: 'Allied Irish Banks plc Floating Rate Notes Due 1992 (THE NOTES)', 'Subordinated as to payment of principal and interest', 'Notice is hereby given that in accordance with condition 7(b) of the terms and conditions of the notes, the company will redeem all of the outstanding notes, being U.S. \$100,000,000 nominal amount, at their principal amount on October 17, 1986...'

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LONDON RECENT ISSUES

Table with columns: Issue, Price, Change, etc. for various equities.

Table with columns: Issue, Price, Change, etc. for fixed interest stocks.

Table with columns: Issue, Price, Change, etc. for rights offers.

Financial Times recently has been... a financial institution...

RESIDENT ABROAD. Resident Abroad, published by Financial Times Business Information, is Britain's monthly magazine for people living or working overseas.

F.T. CROSSWORD PUZZLE NO. 6,126

Crossword puzzle grid with numbers 1-25 and the word 'DANTE' at the top.

- ACROSS: 1 Strong ringer and ring smashed (6). 2 Country having a well-known union leader (6). 3 Television power line? (7). 4 Essay I can turn in at Oxford or Cambridge (7). 5 A novel religious sect (10). 6 Brook the poet lacks direction (4). 7 More than one spoke—the artist, Diana and I (5). 8 Hands over and dies (6,2). 9 A ship in which sherry may be served (3). 10 Like a receiver of certain property (5). 11 But square cuts may be seen on it (4). 12 Sums up the scrambled egg as great (10). 13 A different driver completed the journey (7). 14 Secret serviceman (7). 15 Discontinuation of issued order (5). 16 Directions to a famous garden in the country (5). 17 Boring old-tips (3,4). 18 Lacked bite? (7). 19 Declares a piece of poetry lacks point (5). 20 Dispatched to the interior? (5). 21 Come to a similar conclusion (5). 22 Is surrounded in bread-crumbs and cooked (7). 23 Job's place (9).

CROSSWORD 6,126. As the result of a printing fault the clue to 19 down in Saturday's puzzle was either missing or unreadable. It read as follows: Rebellious Scotsman, externally neat (7).

AUTHORISED UNIT TRUSTS

Table listing various unit trusts with columns for name, price, and other details.

FT UNIT TRUST INFORMATION SERVICE

Large table listing numerous unit trusts, their managers, and performance data.

Sims... pite farm... y down...

needs profit... 82% leap

1986

AUTHORISED UNIT TRUSTS & INSURANCES

Table listing various financial products, companies, and contact information. Columns include company names, addresses, and phone numbers. The table is organized into multiple columns and rows, covering a wide range of financial services.

INSURANCES

Sub-section table listing various insurance policies, including life insurance, health insurance, and other financial products. It includes details such as policy types and contact information.

Handwritten signature or note at the bottom of the page.

INSURANCE, OVERSEAS & MONEY FUNDS

Table listing various insurance and overseas fund providers, including Standard Life Assurance Co., Sun Life of Canada, and others, with columns for company name, address, and contact information.

Main table listing various money funds and investment services, including Fidelity International, Sun Life of Canada, and others, with columns for fund name, description, and performance metrics.

Table listing various money funds and investment services, including Sun Life of Canada, Fidelity International, and others, with columns for fund name, description, and performance metrics.

Table titled 'Money Market Trust Funds' listing various trust funds and their details.

Table titled 'Money Market Bank Accounts' listing various bank accounts and their details.

Table listing various traditional options and their details, including interest rates and other financial data.

Table titled 'TRADITIONAL OPTIONS 3-month call rates' listing various call rates and other financial data.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar bounces off its lows

THE DOLLAR weakened in early European trading, but by the afternoon had bounced off its lows. It finished lower on the day's trading, continuing to weigh up recent economic news and Friday's intervention by the West German Bundesbank to sell dollars. There was some speculation another attempt to break through DM 2.02 could be mounted this week if US statistics point to sluggish growth in the economy. The August rise of only 0.8 per cent in retail sales, announced Friday, was well below expectations, and yesterday's 0.4 per cent in July business inventories was within the range of market forecasts, but did nothing to alter speculation that this week's economic data will be generally depressing for the dollar.

£ IN NEW YORK

Table with columns: Date, Spot, 1 month, 3 months, 6 months, 12 months, Forward premium and discounts apply to the US dollar.

The dollar fell to DM 2.0115 from DM 2.0095, to Ffr 8.7175 from Ffr 8.7275, to Sfr 2.1575 from Sfr 2.1625, and to Y155.15 from Y155.30. On Bank of England figures the dollar's index fell to 110.8 from 111.1. Tokyo was closed yesterday for a public holiday. STERLING - Trading ranges against the dollar in 1986 in the London market were 2.0225-2.0235. Exchange rate index 128.9 against 124.2 six months ago. The D-Mark rose against the dollar, as sentiment turned against the US currency. Friday's intervention by the West German Bundesbank was a surprise, and appeared to put a present ceiling on the dollar's rise. The Bundesbank's action was largely because the market was considered highly speculative however, and if a slower, more orderly rise in the dollar occurs it is unlikely this month, in spite of the Bundesbank's wish to avoid criticism from the US at this month's meeting of the International Monetary Fund in Washington. Mr Karl Otto Poehl, president of the Bundesbank will already be on his way to the IMF meeting when the next Bundesbank council meeting is held on September 25.

FINANCIAL FUTURES

Firmer trend

Prices recovered after last week's sharp losses in the London International Financial Futures Exchange yesterday. Trading volume was down in comparison with the end of last week although the market was understandable as the market saw a period of consolidation after recent volatility. Despite the firmer trend, dealers were quick to stress that it was a little premature to herald a rally, despite further evidence that the US economy continued to grow but only slowly. Gilt futures and three-month sterling deposits opened firmer helped by a stronger pound and a fall in cash rates. In addition, last week's fall in equities and Government stock was seen by some as being unjustified and overdone. This helped sentiment to some extent and prices easily absorbed light selling around lunchtime which led to short covering later in the day. The long gilt opened at 115.31 for December delivery and touched a high of 116.16 before finishing at 116.15 up from 115.09 on Friday.

US bond prices were firmer helped to some extent by signs that the US economy may not be growing as fast as recent economic data has suggested. As a result traders reasoned that the prospects of another cut in the US discount rate must improve. The December bond opened at 94.03 up from 93.94 and improved to a close of 94.18.

Table of financial futures options including GILT FUTURES, TREASURY BOND FUTURES, and EURO DOLLAR FUTURES.

Table of financial futures options including GILT FUTURES, TREASURY BOND FUTURES, and EURO DOLLAR FUTURES.

POUND SPOT-FORWARD AGAINST POUND

Table showing exchange rates for various currencies against the pound, including US, Canada, Belgium, Denmark, etc.

CURRENCY MOVEMENTS

Table showing percentage changes in currency values for various countries.

FT-SE 100 INDEX

Table showing FT-SE 100 index values and other market indicators.

DOLLAR SPOT-FORWARD AGAINST DOLLAR

Table showing exchange rates for various currencies against the dollar, including UK, Ireland, Canada, etc.

CURRENCY RATES

Table showing current exchange rates for various currencies.

CHICAGO

Table showing market data for Chicago, including Treasury bonds and futures.

EXCHANGE CROSS RATES

Table showing cross rates between various major currencies.

OTHER CURRENCIES

Table showing exchange rates for other major currencies.

STERLING INDEX

Table showing the Sterling Index and related market data.

EURO-CURRENCY INTEREST RATES

Table showing interest rates for various Euro-currency deposits.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit rates.

FT 1000 INTERBANK FIXING

Table showing FT 1000 interbank fixing rates.

MONEY MARKETS

UK rates settle down

INTEREST RATES were a little lower in London yesterday after last week's sharp fluctuations in currency markets. Expectations of faster US economic growth receded although this did not alter the prospect of lower UK rates which for the short term remained remote. Three-month interbank money was quoted at 9.1-9.2 per cent compared with 9.1-10.1 per cent. Overnight money became a little more expensive during the afternoon after the authorities had increased the forecast shortage by £200m from the start. Money started at 9.1 per cent and eased to 9.2 per cent at one point before finishing at 12 per cent. The Bank of England forecast a shortage of around £200m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £97m. These were partly offset by Exchange transactions which added £100m and a fall in the rate circulation of £50m. In addition banks brought forward balances £10m above target.

£240m of eligible bank bills all at 9.1 per cent. The forecast was revised once more to a shortage of around £200m before taking into account the sale help and the Bank gave additional assistance.

FT 1000 INTERBANK FIXING

Table showing FT 1000 interbank fixing rates.

LONDON MONEY RATES

Table showing London money rates.

MONEY RATES

Table showing money rates for various currencies.

NEW YORK RATES

Table showing New York rates.

STERLING INDEX

Table showing Sterling Index and related market data.

FOREXTREND advertisement with logo and text.

FIRST CHEYNEYS COMMENCE LIMITED advertisement.

CUT OUT CAPTAX advertisement.

JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED advertisement.

£ WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on September 15 1986. Market rates are the average of buying and selling rates except where they are shown to be otherwise.

Large table showing world value of the pound with columns for Country, Currency, and Value of £ Sterling.

Small text at the bottom of the table providing additional details and disclaimers.

BRITISH FUNDS

Table of British Funds with columns for Stock, Price, Dividend, and Yield. Includes sub-sections for 'Shorts' (Lives up to Five Years), 'Five to Fifteen Years', and 'Over Fifteen Years'.

AMERICANS - Cont.

Table of American Stocks with columns for Stock, Price, Dividend, and Yield. Includes sub-sections for 'CANADIANS', 'BANKS, HP & LEASING', 'SEEDS, WINES & SPIRITS', and 'BUILDING, TIMBER, ROADS'.

LONDON SHARE SERVICE

Main table of London Share Service with columns for Stock, Price, Dividend, and Yield. Includes sub-sections for 'BUILDING, TIMBER, ROADS - Cont.', 'DRAPERY & STORES - Cont.', 'ELECTRICALS', 'CHEMICALS, PLASTICS', 'DRAPERY AND STORES', 'HOTELS AND CATERERS', and 'INDUSTRIALS (Miscellaneous)'.

ENGINEERING - Continued

Table of Engineering Stocks with columns for Stock, Price, Dividend, and Yield.

INDUSTRIALS - Continued

Table of Industrial Stocks with columns for Stock, Price, Dividend, and Yield.

Handwritten signature or mark at the bottom center of the page.

Handwritten text at the top of the page, possibly a signature or date.

INDUSTRIALS - Continued. Table listing various industrial companies and their stock prices.

LEISURE - Continued. Table listing leisure-related companies and their stock prices.

PROPERTY - Continued. Table listing property-related companies and their stock prices.

INVESTMENT TRUSTS - Cont. Table listing investment trusts and their stock prices.

FINANCE, LAND - Cont. Table listing finance and land-related companies and their stock prices.

MINES - Continued. Table listing mining companies and their stock prices.

INSURANCES. Table listing insurance companies and their stock prices.

NEWSPAPERS, PUBLISHERS. Table listing newspaper and publishing companies and their stock prices.

SHOES AND LEATHER. Table listing shoe and leather companies and their stock prices.

SOUTH AFRICANS. Table listing South African companies and their stock prices.

TEXTILES. Table listing textile companies and their stock prices.

TOBACCO. Table listing tobacco companies and their stock prices.

LEISURE. Table listing leisure companies and their stock prices.

PROPERTY. Table listing property companies and their stock prices.

INVESTMENT TRUSTS. Table listing investment trusts and their stock prices.

FINANCE, LAND, etc. Table listing finance and land companies and their stock prices.

MINES. Table listing mining companies and their stock prices.

REGIONAL & IRISH STOCKS. Table listing regional and Irish stocks.

NOTES. A section containing various financial notes, including information about dividends, interest rates, and market conditions.

Recent issues and Rights Page 31. Information regarding recent stock issues and rights pages.

This service is available to every Company... Exchanges throughout the United Kingdom for a fee of 50% per annum for each security.

LONDON STOCK EXCHANGE

Calmer conditions return to markets after last week's traumas

Account Dealing Dates
First Declared Last Account Dealings
Sept 11 Sept 12 Sept 22 Sept 23 Sept 24 Sept 25 Sept 26 Oct 1 Oct 2 Oct 3

Reassuring comment caused the tension to ease and morale to rebound in London markets after the late trauma of the previous week. Given the weekend to reflect on the factors responsible for the sudden loss of confidence...

The absence of any fresh selling was another pleasing feature and stocks ranging from leading to the more speculative issues soon progressed. Demand was rarely heavy and most institutional operators preferred to keep their powder dry...

For the first day of a new trading session in the FTSE 100 index, the FTSE 100 index rebounded 18.7 to 1,286.5. Emotions cooled in the gilt-edged sector as the exchange rates for credit were below the current 10 per cent level of bank base rates...

Clearers better
Firmers conditions returned to the major clearing banks on the first day of the new Account. Investors, spurred by the help of successful TSB Rotation, reappeared and helped Barclays, at 50p, and Lloyds, at 45p, improve 11 apiece...

FINANCIAL TIMES STOCK INDICES
Table with columns for various stock indices (Government Secs, Fixed Interest, Ordinary, Gold Mines, etc.) and their values for different dates.

International added a penny to 150p awaiting today's half-timer. Woolworth rally
Leading Stores staged a useful recovery with sentiment helped by the good UK retail sales figures for August...

Shoe and Leather issues featured. Governor Booth which were under way which may lead to an offer, but the bid would be in share-exchange form close to the current market price with gains extending to 1.

Buyers returned for Grand Metropolitan which advanced 4 1/2 to 40p. The FTSE 100 index rebounded 18.7 to 1,286.5.

Food made a steady advance before settling a shade below the best. Tate and Lyle, aided by favourable Press comment, touched 65p prior to closing a net 2 up to 49p.

Among Retailers, ASDA-MFI Stores 4 to 36p, while Asda's 40p. Elsewhere, United Biscuits attracted support ahead of tomorrow's half-timer and added 3 to 24p.

Estates and Agency found support at 140p up 10, while London Securities gained 1 1/2 to 6 1/2 in reply to the annual results. A few firm features emerged among Textiles.

Mounting speculation about an imminent bid from London and Edinburgh Trust helped Kellogg feature Financial Trusts with a jump of 2 1/2 to 11p.

Oil sector staged a good and sustained rally led by BP, finally 10 better at 66p and Shell, up 5 1/2 to 58p.

South African Gold shares opened on a firm note, boosted by US buying on Friday night and initial demand from Johannesburg, but turned easier as widespread profit-taking accompanied the decline in bullion and platinum.

Oil sector staged a good and sustained rally led by BP, finally 10 better at 66p and Shell, up 5 1/2 to 58p. Petro-Canada advanced 20 to 48p, after 48p. Secondary oils included a number of firm features.

South African Gold shares opened on a firm note, boosted by US buying on Friday night and initial demand from Johannesburg, but turned easier as widespread profit-taking accompanied the decline in bullion and platinum.

South African Gold shares opened on a firm note, boosted by US buying on Friday night and initial demand from Johannesburg, but turned easier as widespread profit-taking accompanied the decline in bullion and platinum.

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EUROPEAN OPTIONS EXCHANGE
Table showing various European options with columns for Symbol, Bid, Ask, etc.

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FT-ACTUARIES SHARE INDICES

Table showing FT-Actuaries Share Indices with columns for Equity Groups & Sub-sections, Monday September 15 1986, and various indices.

FIXED INTEREST

Table showing Fixed Interest rates with columns for Price Indices, Bid, Ask, etc.

BEACHAM BELOW BEST

Leading miscellaneous industrial ended the day below best levels, with Beacham setting only 2 up to 49p.

NEW HIGHS AND LOWS FOR 1986

Table listing New Highs and Lows for 1986 with columns for Company Name, High, Low, etc.

BANK LENDING RATES

Table listing Bank Lending Rates with columns for Bank Name, Rate, etc.

TRADITIONAL OPTIONS

First Last For For of Thomas Marshall (Londr), Deal- Decla- Settling- tion, Trust, Sound Aug 15 Sept 5 Nov 20 Dec 1 Danny A. Nelson, GEC, British Telecom, Renold, Polly Peck, Bristol Oil and Minerals and Premier Consolidated. Amstrad were dealt in for the put, but no double options were reported.

YESTERDAY'S ACTIVE STOCKS

Table showing Yesterday's Active Stocks with columns for Stock Name, Change, etc.

FRIDAY'S ACTIVE STOCKS

Table showing Friday's Active Stocks with columns for Stock Name, Change, etc.

RISES AND FALLS YESTERDAY

Table showing Rises and Falls Yesterday with columns for Rise, Fall, Same, etc.

LONDON TRADED OPTIONS

Table showing London Traded Options with columns for Symbol, Bid, Ask, etc.

WORLD STOCK MARKETS

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Table of stock market data for various countries including Austria, Germany, Norway, Australia, Japan, Canada, Denmark, Italy, France, Netherlands, and Switzerland. Columns include country, date, price, and change.

Table of stock market data for Canada, including Toronto and Montreal. Columns include stock name, price, and change.

OVER-THE-COUNTER Nasdaq national market, closing prices

Table of over-the-counter stock market data for the Nasdaq national market, listing various stocks and their closing prices.

Indices

Table of financial indices for New York, South Africa, and other regions, including Dow Jones, Nikkei, and various regional indices.

CANADA Toronto

Table of Canadian stock market data for Toronto, including various stock indices and prices.

NYSE COMPOSITE CLOSING PRICES

Table of NYSE composite closing prices for various stocks, including major indices and individual shares.

LONDON Chief price changes

Table of London stock market price changes, categorized into RISES and FALLS.

Advertisement for 'HAND DELIVERY SERVICE' and 'SWITZERLAND' with contact information for Peter Lancaster.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table containing stock prices for various companies, organized in columns with headers for stock names, prices, and changes.

Kidder, Peabody & Co. Limited

Market Makers in Euro-Stocks

Kidder, Peabody & Co. Incorporated

New York • London • Paris • Geneva • Zurich • Hong Kong • Tokyo

Continued on Page 2

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NYSE COMPOSITE CLOSING PRICES

Table of NYSE Composite Closing Prices. Columns include Stock, Sale, High, Low, Last, Day. Rows list various companies like American Express, American International, American Overseas, etc.

AMEX COMPOSITE CLOSING PRICES

Table of AMEX Composite Closing Prices. Columns include Stock, Sale, High, Low, Last, Day. Rows list various companies like American Express, American International, American Overseas, etc.

OVER-THE-COUNTER Nasdaq national market, closing prices

Table of Over-the-Counter Nasdaq national market closing prices. Columns include Stock, Sale, High, Low, Last, Day. Rows list various companies like American Express, American International, American Overseas, etc.

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